Azadi Ka Amrit Mahotsav

ANNUAL REPORT 2020-21

Nation Building Through Highways



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NHAI

National Highways Authority of India

Ministry of Road Transport & Highways

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Delhi Meerut Expressway-1



ANNUAL REPORT
2020-21



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Jammu-Udhampur Section of NH-44

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Tada to Nellore, NH-16

1 Introduction

The National Highways Authority of India (NHAI) was constituted by an Act of Parliament namely National Highways Authority of India Act, 1988 for development, maintenance and management of National Highways vested or entrusted to it by the Central Government. The Authority became operational in February 1995 with the appointment of its first Chairman.

The National Highways Authority of India (NHAI) is an autonomous agency responsible for development, maintenance and management of National Highways vested or entrusted to it by the Central Government. National Highways are the arterial roads that facilitate rapid movement of passengers and goods across the country. Spread over the length and breadth of the country, National Highways connect the national and state capitals, major cities, district headquarters, major ports and rail junctions while also providing connectivity to border roads and foreign highways.

Functions of the Authority are governed by National Highways Authority of India Act, 1988 and rules framed under the Act; Land acquisition for construction of national highways is governed by National Highways Act, 1956; and other matters related to encroachment and regulating the traffic on the highways are governed by The Control of National Highways (Land and Traffic) Act, 2002. These acts provide the governing framework for NHAI for the development, maintenance and management of the national highways entrusted to the authority by the Government.

NHAI's organogram consists of a three-tier structure – the Headquarters (HQ), Regional Offices (ROs) and the Project implementation Units (PIUs). The PIUs, headed by project directors, have been set-up in various parts of the country for decentralizing and strengthening the field level operations in NHAI. The HQ is responsible for overall supervision of the works assigned to NHAI.

NHAI receives its funding through Government support in the form of capital base, cess fund, additional budgetary support, capital grant, maintenance grant, ploughing back of toll revenue, through loan from multilateral agencies and market borrowings. NHAI is mandated to ensure that all contract awarded, and procurements conform to the best industry practices with regards to transparency of process, adoption of bid criteria to ensure healthy competition in award of contracts. It is also mandated to secure implementation of projects to best quality requirements and the highway system is maintained to ensure best user comfort and convenience.

In 2017, Government had announced Bharatmala Pariyojana, India's largest ever highway development program for a network of ~65,000 km. Bharatmala Pariyojana envisions to optimize the efficiency of road traffic movement across the country by bridging critical infrastructure gaps. The program signaled a paradigm shift to corridor approach of infrastructure development. The first phase of the program entails development of 34,800 km of national highways at a cost of INR 5.35 lakh crore connecting 600+ districts in the nation. Of this, NHAI is responsible of managing program development of ~30,666 km length of projects. NHAI also envisages development of new greenfield corridors under the Bharatmala Pariyojana to connect remote areas and opening of new avenues for the socio-economic development of the country. Development of 22 greenfield expressways and access-controlled corridors of over 7,800 km at INR 3.3 lakh crore is underway.

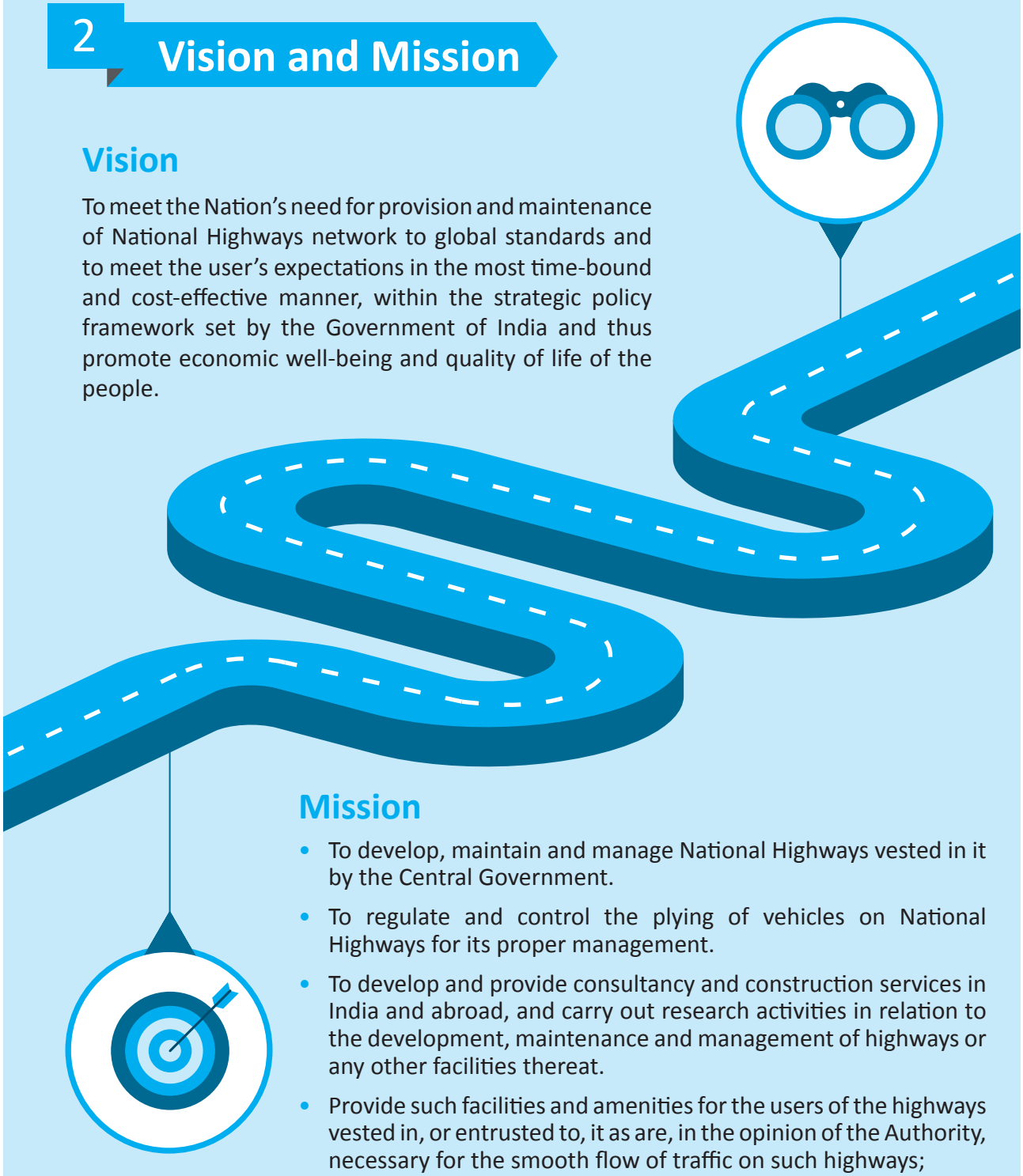
One other key initiative of NHAI has been the plan to develop 35 Multimodal Logistics Parks to improve to enable seamless intermodal freight movement and offer multiple functionalities and services to users. MMLPs shall facilitate the shift from point-to-point to hub and spoke model which is a much more efficient, cheaper and environment friendly mode of logistics management. These logistics parks shall be developed in a PPP mode, where the government will be responsible for providing the land and providing external connectivity through road, rail, inland waterways, etc.

In recent years, NHAI has expanded its vision to improve the overall transportation ecosystem of the nation, expanding focus from connectivity to convenience by reducing the cost of logistics, providing multimodal and efficient transport, last-mile connectivity and improved existing supply chain infrastructure in the country.

2 Vision and Mission

Vision

To meet the Nation's need for provision and maintenance of National Highways network to global standards and to meet the user's expectations in the most time-bound and cost-effective manner, within the strategic policy framework set by the Government of India and thus promote economic well-being and quality of life of the people.



Mission

- To develop, maintain and manage National Highways vested in it by the Central Government.
- To regulate and control the plying of vehicles on National Highways for its proper management.
- To develop and provide consultancy and construction services in India and abroad, and carry out research activities in relation to the development, maintenance and management of highways or any other facilities thereat.
- Provide such facilities and amenities for the users of the highways vested in, or entrusted to, it as are, in the opinion of the Authority, necessary for the smooth flow of traffic on such highways;
- Construct offices or workshops and establish and maintain hotels, motels, restaurants and rest-rooms at or near the highways vested in or entrusted to, it;
- To advise the Central Government on matters relating to highways.
- To assist, on such terms and conditions as may be mutually agreed upon, any State Government in the formulation and implementation of schemes for highway development.

3 Chairman's Report

Greetings to all. I am honored to share my views with all stakeholders and officials of National Highways Authority of India.

The highway sector has played a vital role in the country's growth story. The importance of this sector stems from the fact that the highways constitute only about 2% of total road network but caters to 40% of the traffic. Over the past 26 years, NHAI has constructed 43,127 km since it's inception and awarded 56,436 km. What is most satisfying for NHAI is not the construction of roads but the prosperity it brings by connecting regions, bringing goods and consumers closer, and truly, NHAI's impact extends beyond just what is plainly visible in its achievements. NHAI has continued with the outsourcing model which brings about advantage of keeping the organization relatively lean, at the same time, harnessing private sector efficiencies. NHAI nevertheless remains accountable to the NH users and the Government of India for the quality of service/ output provided by contracted service providers, hence, NHAI has built capacity over the time for efficient procurement and monitoring of contract outputs and services.

In recent years, NHAI has expanded its vision to improve the overall transportation ecosystem of the nation, expanding focus from connectivity to convenience. 500 Wayside amenities are planned to be developed in the next 3 years to improve the overall commuter experience through world class facilities on National Highways. Improving safety of road transport has been a cornerstone for the ministry and due to such steps, accidents on NHs have reduced from 1.40 Lakh in 2018 to 1.16 Lakh in 2020.

FY 2020-21 has been challenging year globally as well as for India due to Covid-19 pandemic. Though road development work got affected for a brief period, NHAI had left no stone unturned to cope with the unprecedented situation – ensuring swift communication with state agencies to minimize gap in construction work, provide sufficient arrangements for safety of on-site working personnel etc. NHAI extensively used technology to minimize the impact of pandemic. Entire office work was transitioned to e-office, including entire training. Despite such challenging circumstances, I am proud to share that NHAI was able to award 4,818 km (vs. 3,211 km in FY 19-20) and construction 4,218 km (vs. 3,979 km in FY 19-20) length of projects. Further, NHAI awarded 4,290 km length of projects (vs. 2,995 km in FY 19-20) under its flagship program – Bharatmala Pariyojana Phase I.

NHAI has been able to harness the full potential of smooth flow of traffic with implementation of FASTag across toll plazas with 97% of all toll payments collected through FASTag. Mandating of FASTag for Electronic Toll Collection has eliminated manual intervention for toll collection thereby reducing waiting time at toll plazas, streamlining toll collection process and reducing leakages.

Since approval of Toll-Operate-Transfer (TOT) model by cabinet in FY 16-17, NHAI has monetized multiple projects through this mode. This year we have awarded 2 stretches (total length 160 km) under TOT Bundle-5 at bid price of INR 2,252 Cr, against a reserve price of INR 1,621 Cr.

In line with the National multimodal logistics master plan, NHAI has further initiated planning for development of 8,000+ km of expressways and access-controlled corridors to drive the next wave of economic growth in the country. By such initiatives, NHAI aspires to change not just the connectivity landscape of the country but also provide economic impetus to the nation's aspiration of becoming a 5 trillion-dollar economy, by accelerating freight speed, reducing logistics cost and making India competitive in the global marketplaces.

NHAI has evolved as a multidisciplinary professional body and the backbone for the road sector in the country. NHAI has a clear and evolving strategy to undertake these mega projects in a time bound and cost-effective manner. The process of continuous improvement in the system is the hallmark of NHAI's functioning. NHAI aims towards improvement of national highways across the country to bring about socio-economic development in the region and promote trade and commerce.

4 Indian Economy and Road Sector

4.1 Indian Economy

In 2020-21 due to COVID-19 pandemic, there was a significant Global slowdown. According to Economic Survey 2021-22, Indian economy is expected to witness real GDP expansion of 9.2 per cent in 2021-22 after contracting in 2020-21.

The Indian economy maintained its macroeconomic stability by containing inflation within 5.2 per cent and by sustaining a manageable current account deficit to GDP ratio. According to the Economic Survey 2021-22, fiscal deficit of the Central Government stood at a 9.3 per cent of GDP for the year while Current Account deficit was 1 percent in March 2021.

The trend of growth in FDI inflows continued in 'Computer Software & Hardware' has emerged as the top sector during 2020-21 with around 44% share of the total FDI Equity inflow followed by Construction (Infrastructure) Activities (13%) and Services Sector (8%) respectively. The agriculture and allied segment recorded a growth rising to 12.1 per cent in 2020-21 from 4.1 per cent in 2019-20. The Credit of the commercial bank increased to Rs 97.23 trillion for the 2020-21 from Rs 92.63 trillion recorded in 2019-20. Non Performing Assets as percentage of Gross Advances, reduced to 10.1 per cent at end December 2018 from 11.5 per cent at end March 2018. The agriculture sector was characterized by higher growth in 2020-21.

In terms of ease of doing business, India continues to considerably improve its ranking. India was ranked 63rd in 2020 among 190 countries assessed by the World Bank Doing Business Report, 2020.

As per the Report of the World Economic Outlook (January 2022)-International Monetary Fund, India's GDP is projected to grow higher at 9 percent in 2022 same as 2021.

4.2 Infrastructure Sector in India

A robust and resilient Infrastructure is fundamental to the growth of the economy and its sectors. Investment in infrastructure sector has a multiplier effect on overall economic growth as it catalyzes industrial growth and manufacturing.

Aimed at boosting investment in the infrastructure sector, the government has undertaken a host of reforms including strong budgetary support, foreign direct investment up to 100% in road sector, duty free import of high capacity and modern construction equipment. The National Investment and Infrastructure Fund has been created to provide investment opportunities to commercially viable projects. Besides, a Credit Enhancement Fund for infrastructure projects for increasing the credit rating of bonds floated by infrastructure companies is also in the offing.

The focus remains on reducing the cost of logistics, providing multimodal and efficient transport, last mile connectivity and improved existing supply chain infrastructure in the country. With Bharatmala Pariyojana for highway development and Sagarmala for comprehensive development of India's coastline, navigable waterways and maritime sector, Indian infrastructure sector is steadily heading towards being world class.

4.3 Road Sector

4.3.1 Road transport is considered to be one of the most cost effective and preferred modes of transport, both for freight and passengers as it provides last mile connectivity and penetration in populated areas. A good road network is vital to the economic development and social integration of the country. It provides connectivity to remote areas, accessibility to markets, schools, and hospitals; and opens up backward regions to trade and investment. Roads also play an important role in inter-modal transport development, establishing links with airports, railway stations, and ports.

4.3.2 National Highways form the economic backbone of the country and have often facilitated development along their routes with many new towns developing alongside the major highways. It also contributes to generate long-term employment through a large number of small restaurants, inns (known as dhabas) and other way side amenities along their length. The National Highways facilitate medium and long-distance inter-city passenger and freight traffic across the country. The State Highways are intended to carry the traffic along major centers within the State. Other District Roads and Village Roads provide accessibility to the towns and villages to meet their social needs as also the means to transport agriculture produce from villages to nearby markets. Major District Roads provide the secondary function of linkage between main roads and rural roads.

4.3.3 India has the second largest road network in the world after USA. India's road network stands at over 62,15,797 km. This comprises National Highways, Expressways, State Highways, Major District Roads, other District Roads and Village Roads as under:

Particulars	Kms
National Highways/ Expressway	1,36,440
State Highways	*1,76,818
Other Roads	*59,02,539
Total	62,15,797

Source: *Ministry of Road Transport & Highways Annual Report tor FY 2020-21*

4.3.4 Global trends in infrastructure indicate increased focus on technology tools and IT applications to unlock operational efficiencies. In road sector, IT applications are progressively mainstreamed in all aspects. Use of Electronic Toll collection (ETC) has been one of the path breaking initiatives. It aims at eliminating the delay on toll roads by collecting toll electronically through RFID which uniquely identifies each vehicle and thus makes the system efficient.

4.3.5 NHAI has made ETC compulsory through FASTag starting 15 February 2021. This enables users to make toll payment directly from the prepaid or savings account linked to it. Initially, dedicated lanes were built at some toll plazas.

FASTag lanes were made available on national and state highways. Average FASTag collection was over Rs. 100 Cr per day (NH – approx. Rs. 91 Cr) in Mar 2021 which was approx. 19% higher than in first fortnight Feb 2021. There was steady recovery on toll collection via FASTag post 2nd COVID wave. Daily total toll collection at NH fee plazas has reached Rs. 90 Crores per day post COVID 2nd wave and FASTag collection touched Rs. 103.54 Crore per day on 1 July 2021. Further, FASTag has been made a mandatory requirement under the Central Motor Vehicles Rules 1989 while renewing 3rd Party Insurance w.e.f. 1 April, 2021.

5 Human Resources and Administration

5.1 Organizational set up

NHAI has a good mix of permanent officers and officers on deputation. The officers on deputation are drawn from Ministry of Road Transport & Highways, various state PWDs, and other related organisations. While NHAI benefits from the rich experience of the professionals from various departments, it faces challenges as all the employees on deputation may not adjust equally to NHAI's business model. There is also the possible loss of continuity within NHAI as employees on deputation revert back to parent organizations.

NHAI has been mandated to increase the strength of regular officers to the tune of 50% of the total work force. NHAI is moving in this direction by inducting technical officers at the level of Deputy Manager through GATE score of IIT. Also, NHAI has been empowered to create all posts upto the level of General Manager to meet its rapidly changing requirements. Such permanent technical employees are allowed to gain experience of both core functions and operational/ corporate planning functions over a period of time to build a core of officers within NHAI that can provide long-term leadership and managerial material for the organization. It facilitates knowledge management and the creation of a long term "institutional memory" without fundamentally altering the outsourcing model.

5.2 NHAI BOARD

NHAI Board comprises Chairman, 6 full time members and six part time Members and 2 non-Government part time Members. The status of the Board as on 31.03.2021 is as under:

Full-time Members	Name
Chairman	Dr. Sukhbir Singh Sandhu
Member (Administration)	Sh. Alok
Member (Finance)	Vacant
Member (PPP)	Vacant
Member (Projects)	Shri R.K. Pandey
Member (Projects)	Shri Manoj Kumar
Member (Technical)	Shri Mahabir Singh

Part-time Members	Name
Secretary, Department of Expenditure, Ministry of Finance	Dr. T.V. Somanathan
CEO NITI Aayog	Shri Amitabh Kant
Secretary (RT&H), MoRT&H	Shri Giridhar Aramane
Director General (RD) & SS, MoRT&H	Shri I.K. Pandey

Non-Government Part-time Members	Name
Member	Vacant
Member	Vacant

5.3 Human Resource

NHAI is a lean organisation and has a staff strength of 1278 for managing the projects portfolio of more than 65,000 km. NHAI has a three tier system i.e. HQ, Regional Offices and Project Implementation Units (PIUs) for supervising and close monitoring of the projects. Regional Offices have their presence in all the State Capitals where projects are being implemented.

In 2020-21, there are 25 Regional Offices and 176 PIUs in the country and 1 PIU abroad established for expediting the execution of projects. List of Regional Offices and Project Implementation Units is enclosed at **Annexure 1**.

The total manpower strength of the Authority under various categories as on 31.03.2021 is as under:

Group of post	Present strength of the employees	Regular	Deputation	Contract	SC	ST	OBC	Person with disability
A	859	523	297	03	105	38	202	12
B	301	293	07	01	47	04	81	01
C	118	113	00	05	07	02	44	00
Total	1278	929	304	09	159	44	327	13

5.4 Strengthening of Human Resources:

The provisions of National Highways Authority of India (Recruitment, Seniority and Promotion) Regulations, 1996 were amended to attract competent professionals from various sectors to work in NHAI on deputation. For Capacity building of officers/staff of NHAI, employees of NHAI were deputed to prestigious training institutions in India and abroad for various training programmes. Details of training programmes attended by officers/staff of NHAI are given below:-

Domestic Training Programmes		Foreign Training Programmes	
No. of Programmes	No. of Officers who have attended the programme	No. of Programmes	No. of officers who attended the programme
5	145	0	0

6 Human Resources and Administration

6.1 Bharatmala Pariyojana:

Overview:

Bharatmala Pariyojana is the umbrella program for National Highway development focusing on improving the efficiency of road freight and passenger movement across the country by bridging critical infrastructure gaps in the highway infrastructure. Bharatmala network was designed with an objective of enabling corridor-based highway development in the country. It envisages development of 50 Economic Corridors, provide connectivity to more than 550 districts in the country through NH linkages and improve the average speed of road travel in the country.

The Cabinet Committee on Economic Affairs had approved the implementation of Phase 1 of Bharatmala Pariyojana on 24th October 2017. Phase-1 of Bharatmala Pariyojana envisaged a development of a network of 24,800 km of National Highway corridors under Bharatmala Program, in addition to completion of 10,000 km of balance road works under NHDP, taking the total to 34,800.

Out of the 34,800 km, 406 projects, having a length of 15,240 km and total capital cost of Rs. 417,319 crore have been awarded under the Bharatmala Pariyojana projects till date under NHAI. As for the current year, 125 projects of 4,290 km length and capital cost of Rs. 158,525 crores were awarded in FY20-21. In comparison, 93 projects of 2,995 km length and capital cost of Rs. 75,189 crores were awarded in previous year of FY19-20.

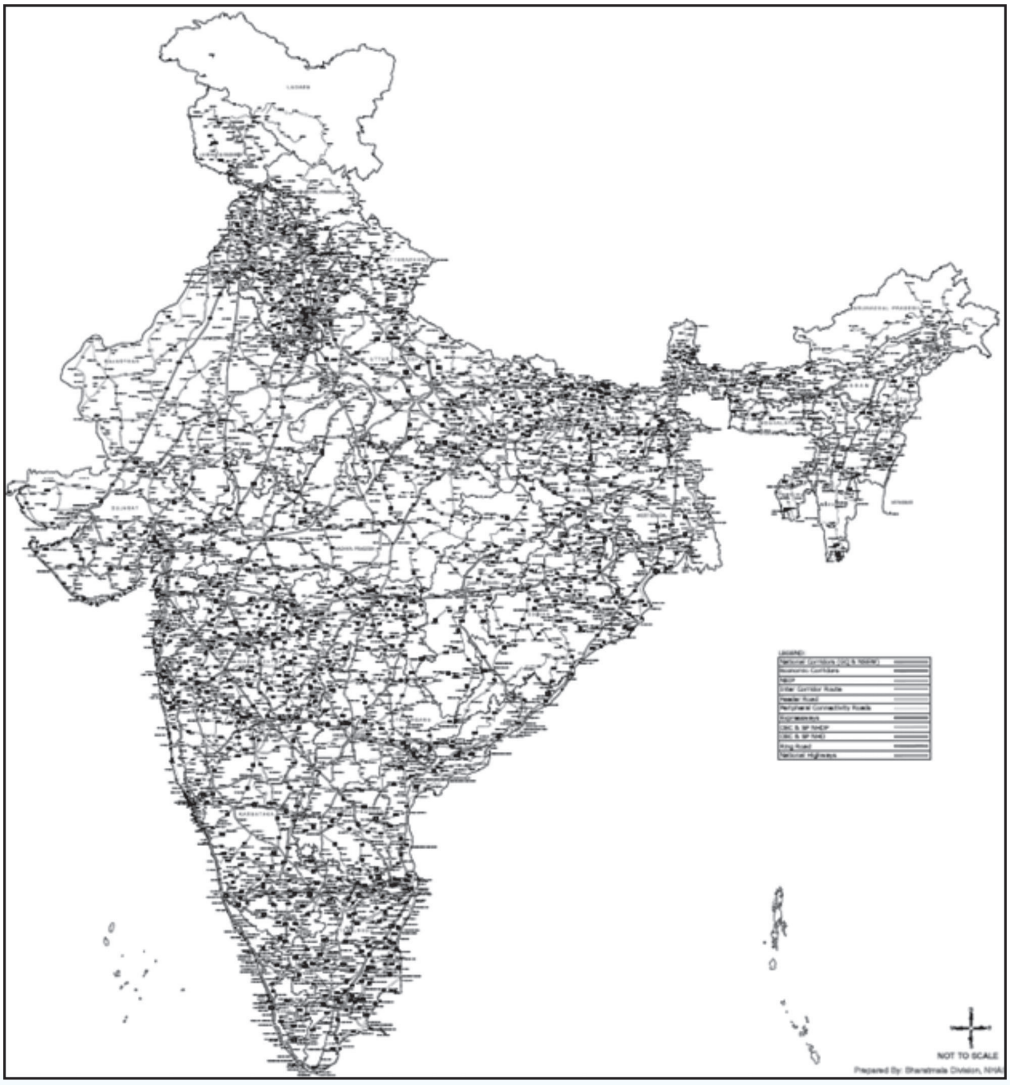
Bharatmala Pariyojana is being implemented by 3 agencies, namely, the National Highways Authority of India (NHAI), the Roads Wing of the Ministry of Road Transport & Highways (MoRTH) and the National Highways & Infrastructure Development Corporation Limited (NHIDCL). NHAI has a mandate to develop 22,660 km out of the 24,800 km length to be developed under Bharatmala Pariyojana. The component wise breakup of length entrusted to the three implementation agencies is provided in the table below:

Sr. No.	Component	CCEA Approval for Bharatmala Phase 1 (in km)	Length with NHAI (km)	Length with MoRTH (km)	Length with NHIDCL (km)
1	Economic Corridors	9,000	8,000	49	951
2	Inter Corridor Routes	6,000	6,000	-	-
3	Feeder Routes	-	-	-	-
4	National Corridors	5,000	5,000	-	-
5	Border & International Connectivity Roads	2,000	860	121	1,019
6	Coastal & Port Connectivity Roads	2,000	2,000	-	-
7	Expressways	800	800		
Total		**24,800**	**22,660**	**170**	**1,970**

During the optimization exercise, the need for development of additional length of expressways and economic corridors in Phase I of Bharatmala Pariyojana to enhance the arterial National Highway network was identified. However, the total length for National Highway development under Phase I of Bharatmala Pariyojana (excluding residual NHDP) has been maintained at 24,800 km with details as under:

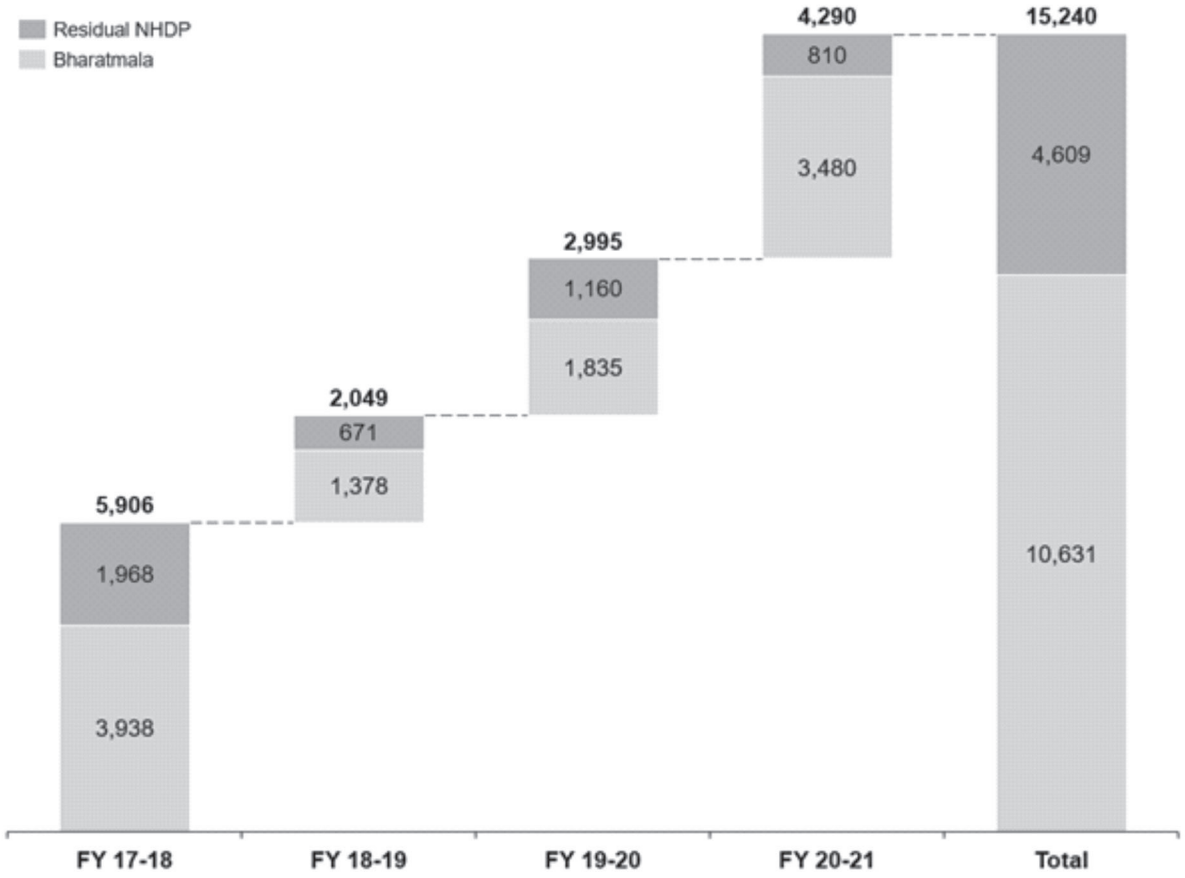
Classification	Approved Length (km)	Revised Length (km)
Economic Corridors	9,000	10,173
Inter-corridor and Feeder routes	6,000	5,797
National Corridors Efficiency Improvement	5,000	2,742
Border and International Connectivity	2,000	1,510
Coastal and Port Connectivity	2,000	2,204
Expressways	800	2,373
BM I Total	**24,800**	**24,800**
Residual NHDP	10,000	10,000
Grand Total	**34,800**	**34,800**

Bharatmala Pariyojana Map



Award Status of Bharatmala Pariyojana:

A total of length of 5,906 km was awarded by NHAI in FY 17 – 18, comprising of 3,938 km of projects of Bharatmala Pariyojana and 1,968 km of residual NHDP projects. In addition, projects with length 1,378 km have been awarded by NHAI, under Bharatmala Pariyojana in the FY 18 - 19. Similarly, out of the 10,000 km approved under residual NHDP in Bharatmala Phase-I, projects with length 671 km have been awarded by NHAI under Bharatmala Pariyojana in FY 18 - 19. In total, 2,049 km has been awarded by NHAI under Bharatmala Pariyojana including residual NHDP in FY 18 – 19. NHAI further has awarded a length of 2,995 km i.e. 1,835 km under Bharatmala Pariyojana and 1,160 km under residual NHDP in FY 19-20. NHAI has awarded a length of 4,290 km i.e. 3,480 km under Bharatmala Pariyojana and 810 km under residual NHDP in FY 20-21. The summary of the progress can be seen in the chart below:



As it can be seen NHAI has maintained a healthy pace of award and ~43% of extra length has been awarded compared to that of FY 19 – 20.

The progress of awarded projects (of NHAI) across the different corridor types can be seen in the table below:

Classification	Projects	Length (km)
Economic Corridor	121	4,208
Inter Corridor Routes	25	1,182
Feeder Routes	12	427
National Corridors	51	1,386

Classification	Projects	Length (km)
National Corridor Efficiency Improvement	25	705
Expressways	51	1,376
Border Roads	8	1,179
Coastal Roads	2	77
Port Connectivity	4	91
Total	**299**	**10,631**
Residual NHDP	107	4,609
Grand Total	**406**	**15,240**

Financial outlay of projects awarded under Bharatmala Pariyojana Phase-I:

Out of the total approved financial outlay of Rs. 3,85,000 Crore for projects to be awarded under Bharatmala Pariyojana Phase-I, projects of length 10,631 km have been awarded till FY 20-21 with a total expected financial outlay of Rs. 3,25,383 Cr. Similarly, against the approved outlay of Rs. 1,50,000 Crore for residual NHDP projects, projects with length 4,609 km have been awarded till FY 20-21 post the approval of Bharatmala Pariyojana with an expected financial outlay of 91,937 Cr. A summary of the total capital cost for different corridor types of the Bharatmala Pariyojana Phase-I is given below:

Classification	Projects	Length (km)	Total Cost (INR Cr.)
Economic Corridor	121	4,208	129,008
Inter Corridor Routes	25	1,182	23,822
Feeder Routes	12	427	8,082
National Corridors	51	1,386	40,685
National Corridor Efficiency Improvement	25	705	35,733
Expressways	51	1,376	80,210
Border Roads	8	1,179	5,897
Coastal Roads	2	77	1,171
Port Connectivity	4	91	775
Total	**299**	**10,631**	**325,383**
Residual NHDP	107	4,609	91,937
Grand Total	**406**	**15,240**	**417,319**

Expressways and Access Controlled Corridors:

Bharatmala Pariyojana envisages the development of 34,800 km of national highways at a total cost of 5.35 lakh crores under phase - 1 to improve the efficiency of logistics and freight movement in the nation. Post the approval of Phase-I of the Bharatmala Pariyojana, based on traffic flow, capacity constraints and development being done by the State Governments, the network was optimized by adding, deleting and modifying certain stretches to provide straighter, shorter and faster connectivity between economic centers. For instance, the length of expressways under Bharatmala was increased from ~800 km to 2,397 km which is proposed for development under phase – 1 of Bharatmala. Similarly, shorter greenfield alignments were identified across economic and other national corridors which are targeted to be developed as access -controlled highways. 18 access-controlled corridors with a total length of 5,477 km have been identified for development under phase 1 of Bharatmala.

Expressways under Bharatmala Pariyojana Phase 1

6 expressways with a length of 2,397 km have been identified under phase -1 of Bharatmala Pariyojana. Out of these 2,397 km, projects with length 1,709 km have already awarded. The table below provides the list of these corridors along with the status as on 31st March 2021:

Sr. No.	Expressway	Length (km)	Under Construction			Awarded - Construction yet to commence			Approved - Yet to be Awarded		
			# Pkg	Length (km)	Cost (INR Cr.)	# Pkg	Length (km)	Cost (INR Cr.)	# Pkg	Length (km)	Cost (INR Cr.)
1	Delhi - Mumbai (Delhi - Vadodara Section) EXP	845	19	563	25,847	9	198	11,580	3	84	4,739
2	Delhi - Mumbai (Vadodara - Mumbai Section) EXP	445	5	124	11,304	6	169	15,807	2	62	3,843
3	Ahmedabad - Dholera EXP	110	-	-	-	4	109	4,192	-	-	-
4	Delhi - Amritsar - Katra EXP	672	-	-	-	4	120	6,410	6	223	11,012
5	Bengaluru - Chennai EXP	262	-	-	-	3	71	5,069	7	191	10,107
6	Kanpur - Lucknow EXP	63	-	-	-	-	-	-	-	-	-
Total		**2,397**	**24**	**687**	**37,151**	**26**	**667**	**43,059**	**18**	**561**	**29,701**

Access controlled corridors Bharatmala Pariyojana Phase 1

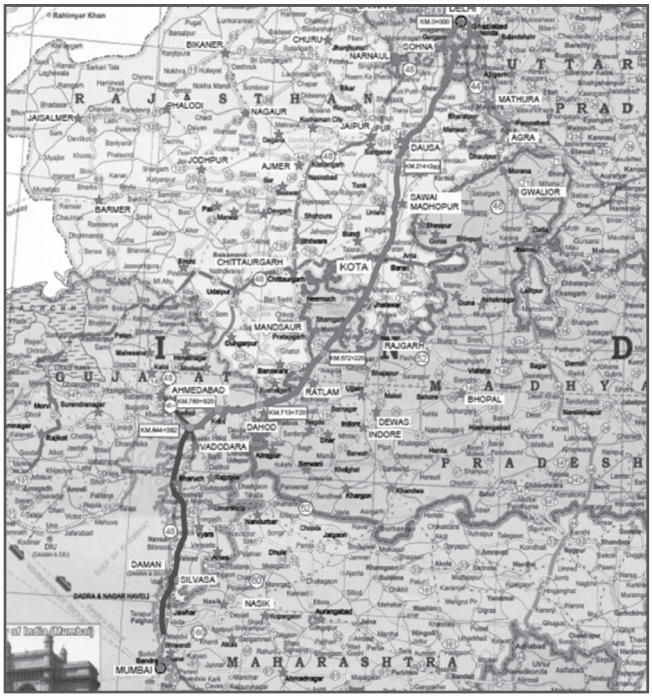
Along with the 6 expressways, 18 access controlled corridors with length 5,477 km have also been identified across the nation to increase connectivity, reduce commute time and enhance logistics efficiency across the nation. The list of corridors along with status as on 31st March 2021 is shared in the table below:

S. No.	Corridor	Length (km)	Under Construction			Awarded - Construction yet to commence			Approved - Yet to be Awarded		
			# Pkg	Length (km)	Cost (INR Cr.)	# Pkg	Length (km)	Cost (INR Cr.)	# Pkg	Length (km)	Cost (INR Cr.)
1	Ambala – Kotputli	313	101	313	11,374	-	-	-	-	-	-
	Delhi - Faridabad – Sohna	60	-	-	-	3	60	5,332	-	-	-
2	Chennai – Salem	277	-	-	-	-	-	-	-	-	-
3	Amritsar - Bhatinda – Jamnagar	917	19	534	12,151	8	227	5,332	1	62	2,029
4	Durg - Raipur – Arang	92	-	-	-	-	-	-	-	-	-
5	Raipur – Vishakhapatnam	465	-	-	-	5	149	4,044	3	75	2,410
6	Surat – Ahmednagar – Solapur	421	-	-	-	3	121	3,104	-	-	-
7	Bangalore Ring Road	281	1	38	1,328	1	42	1,361	-	-	-
8	Urban Extension Road II	75	-	-	-	-	-	-	2	75	7,716

S. No.	Corridor	Length (km)	Under Construction			Awarded - Construction yet to commence			Approved - Yet to be Awarded		
			# Pkg	Length (km)	Cost (INR Cr.)	# Pkg	Length (km)	Cost (INR Cr.)	# Pkg	Length (km)	Cost (INR Cr.)
9	Delhi - Saharanpur - Dehradun	169	-	-	-	4	36	3,453	3	69	4,054
10	Chitoor – Thatchur	116	-	-	-	-	-	-	4	116	3,997
11	Kharagpur – Siliguri	235	-	-	-	-	-	-	-	-	-
12	Solapur – Kurnool	335	1	39	1,123	-	-	-	-	-	-
13	Indore – Hyderabad	629	6	270	7,300	1	42	900	1	38	826
14	Hyderabad – Vishakhapatnam	222	1	59	2,032	-	-	-	5	163	3,551
15	Kota – Indore (Garoth to Ujjain)	135	-	-	-	-	-	-	-	-	-
16	Hyderabad – Raipur	330	-	-	-	-	-	-	-	-	-
17	Nagpur – Vijayawada	405	1	42	1,549	1	53	1,309	-	-	-
Total		**5,477**	**39**	**1,295**	**36,857**	**26**	**730**	**24,835**	**19**	**598**	**24,583**

[1] 1 Project of Ambala-Kotputli is completed (45 km, Rs. 1,369 Cr.) is tagged under construction

Salient Features of Greenfield Corridors under Implementation



Delhi – Mumbai Greenfield Corridor: While earlier, the connectivity to Vadodara from Delhi was being provided through the Delhi-Mumbai GQ, a new greenfield alignment was proposed connecting Delhi-Mumbai through a straighter route. Once completed, the 1,350 km long Delhi Mumbai expressway (Delhi Vadodara Expressway, Vadodara Mumbai Expressway and Delhi Faridabad Sohna) will be the longest expressway in India, which will enhance the connectivity between India's National Capital of Delhi and Financial Capital of Mumbai.

The completely eight lane greenfield expressway, being developed at a cost of 93,334 crores, will also improve the connectivity to major economic hubs including Jaipur, Bhopal, Indore and Ahmedabad. The map below shows the comparison between the greenfield alignment with the existing brownfield alignment. The 8-lane expressway with a design speed of 120 km/h will reduce the travel time between the National capital of Delhi and the financial capital of Mumbai by up to 12 hours from 24+ hours.

The corridor will be fully access-controlled with major interchanges planned to provide connectivity to important economic hubs of Jaipur, Bhopal, Indore, and Ahmedabad. The corridor will be developed with 8 lanes initial development, expandable to 12 lanes.

Wayside amenities have been planned at every half hour of travel time, with integrated facilities to be built for trucks and passenger vehicles. Trees will be planted along the expressway along with a

provision for rainwater harvesting. It is estimated that the greenfield development would reduce the vehicle operating cost by approximately 10%.

Two section of the corridor, Delhi – Jaipur – Lalsot (214 km) & Vadodara – Ankleshwar (100 km) will be made operational in Apr'22. The overall Corridor is targeted to be completed by Oct'23.

Salient Features of Ambala – Kotputli (Trans Haryana) Corridor:

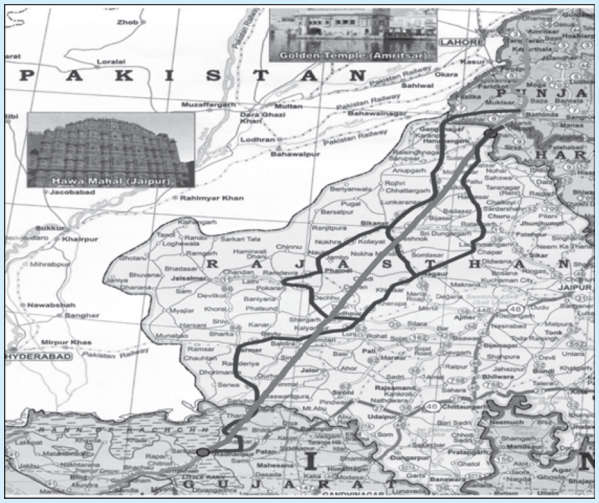
This was proposed as a new route to diverge traffic from the already congested North-South National Corridor for traffic moving southwards from Ambala. Earlier all the major traffic had to be routed through the highly congested Ambala-Delhi route on the North-South Corridor.

The six-lane access-controlled highway will provide seamless connectivity between Ambala and Kotputli for the traffic originating from H.P., Chandigarh & Ambala and bound for Mumbai & Kandla/ Mundra bypassing the congested section of NH 44 from Ambala and Delhi. The overall corridor is targeted to be open to traffic by Apr'22.



Salient Features of Amritsar - Bhatinda - Jamnagar Corridor:

The 1,224 km long Amritsar – Bhatinda – Jamnagar provides improved connectivity from Amritsar in Punjab to Jamnagar in Gujarat passing through the state of Rajasthan. Once operational it will provide a direct connection among several economic hubs in Punjab, Rajasthan and Gujarat to the major ports in Gujarat As a part of expansion, greenfield stretches of Sangaria to Santalpur with length 762 km and Amritsar to Bhatinda of length 155 km have been planned. Bikaner – Pachpadra section of 277 km is targeted to be completed and open to traffic by Jun'22.



Salient Features of Dwarka Expressway

Dwarka Expressway is a 27 km long eight-lane controlled accessway which connects Dwarka in Delhi to Gurugram in Haryana. The expressway, starting at the Mahipalpur Shiv Murti clover leaf interchange passes through Bijwasan and Gurgaon will also support traffic to Indira Gandhi International airport. Dwarka expressway is expected to reduce traffic congestion in the Delhi-Gurugram expressway and provide an alternate route for people travelling from Delhi to Gurugram and vis-a-vis.

Multimodal Logistics Parks:

Multimodal Logistics Parks have been conceptualized to act as freight aggregation and disaggregation centers to enable migration to more efficient modes such as higher sized trucks, rail or coastal shipping, thereby decongesting and improving the efficiency of the existing National corridors. A

network of 35 Multimodal Logistics Parks had been identified and approved by the cabinet as a part of the National Corridor Efficiency Enhancement Component of Bharatmala Pariyojana. Of the 35 Multi Modal Logistics Parks, 1 project (Assam) is awarded and is under construction. DPR is on-going for 5 sites (Nagpur, Chennai, Indore, Bengaluru and Mumbai). Pre-feasibility study is on-going for rest of the locations.



Congestion Points:

It was observed that even on the already developed corridors such as the Golden Quadrilateral and North-South, East-West corridors, and other high density routes, there are multiple points of local congestion hampering the speed of vehicular movement, driven by the interaction of city traffic with the highway traffic. 191 such points of local congestion had been identified on the entire network. These congestion points are being addressed by separating the city traffic from the highway through traffic through development of grade separators, city bypasses, ring roads, etc.

These 191 congestion points are being addressed as a part of several highway projects being executed across the country. Out of the 191 congestion points, interventions have already been completed in 31 congestion points. Interventions are under construction in 90 congestion points with bids under progress for 6 congestion points. In addition, detailed project reports are being prepared for 64 congestion points.

The summary of status of the intervention of the 191 congestion points as on 31st March 2021 is provided in the table below:

Status of Intervention Planned	# of Congestion Points
Interventions Planned	**191**
Completed	31

Status of Intervention Planned	# of Congestion Points
Under Progress	90
Under Bidding	6
Detailed Project Report Being Prepared	64
Grand Total	**191**

Inter Modal Station

Inter Modal Stations are conceptualized with a view to address the issue of city congestion arising out of the ever-increasing traffic growth and severe under capacity of transport infrastructure. An Inter-modal station is envisioned as a world-class passenger movement facility, to be designed to provide a hub for interfacing and interconnecting a variety of inter-city, regional and local public transport systems, all within a single facility. Development of these stations has two clear benefits of

i. Reducing City congestion: Aggregation of transportation nodes in the city can eliminate localized congestion. Further, if these hubs are near national highways or ring roads, they can provide effective city evacuation. Traffic due to transit passengers is largely eliminated.

ii. Improved passenger convenience: Transits are seamless as various transport modes operate from the same premises. These stations will also provide international standard amenities and cater to needs of a wide passenger demographic.

Nagpur has been identified as one of the cities to pilot the intermodal station concept and Ajni Railway station has been identified as the potential site. MoU was signed between NHAI and RLDA and foundation stone was laid on 06.03.2019. Inter-ministerial steering committee and working committee are being set up with officials from various agencies of MoRTH and Railways, for oversight and guidance on the project. Bids have been invited for implementation of IMS Nagpur with award of work targeted in FY 2020-21.

7 Some of the Major Projects completed by NHAI in 2020-21

7.1 Narmada Bridge Construction

The newly constructed Narmada Bridge is a 2,220 m long, 8-lane bridge and is a part of the Eight Lane Vadodara Kim Expressway (Ankleshwar to Manubar section of Vadodara Mumbai Expressway) in the State of Gujarat. The construction of the twin bridge started on 10th December 2018 in Hybrid Annuity Mode (HAM) and was completed in a record time of 34 months. The vertical pile load capacity of the bridge is between 810 to 950 Tonne, the construction of which required 1,77,151 cum. of concrete and 19,335 MT of structural steel. The bridge is equipped with IoT sensors (load sensors, accelerometers, extensometer, GPS, weather instruments, corrosion sensors, etc.) to track key performance metrics on a real-time basis and publish alerts to the concerned authorities via. SMSs, emails and dashboard notifications.

7.2 Koilwar Railway Bridge Construction

The existing rail cum road Koilwar Bridge (Abdul Wari Bridge) was constructed in 1857 and is sub-standard as per the norms of National highways due to which perennial traffic jams creating an accident-prone zone have emerged. This has been the major cause of the slow socio-economic growth of the region. Due to this need for a new bridge with the enhanced geometrical property was felt. In this regard, the New Six lane (3-Lane in U/S and 3-Lane in D/S) Koilwar Bridge at Chainage- 36+050 on NH-922 having a length of 1528.10mts was constructed having a total cost of construction as Rs266 Cr. The type of new Bridge is a Pre-Cast Segmental having a Span Arrangement of 37*41.3mts. and total no of piers as (36*2) 72nos. The advantages of this new bridge are as under:-

- Smooth traffic movement between Southern and Eastern Bihar Cities such as Patna, Ara, Buxar & Chhapra.
- Direct Connectivity with other parts of the country via Golden quadrilateral and Purwanchal expressway.
- Facilitate speedy transportation of construction material like sand, ballast etc. to various parts of the state.
- Relief from perennial traffic jams through old existing Koilwar Bridge and giving time and fuel-saving along with lesser pollution.
- Creation of employment and self-employment by giving a boost to small and medium-scale industries.
- Facilitate speedy transportation of agricultural-based materials to local and bigger markets in various parts of the state.

8 Key Operational Highlights

8.1 Project Award & Completion:

NHAI has achieved highest targets in terms of award of projects and length completed in the year 2020-21. A summary of length awarded and length completed since 2006-07 is as follows;

Financial Year	Length Constructed (Km.)	Length Awarded (Km.)
2006-07	636	1730
2007-08	1684	1234
2008-09	2205	643
2009-10	2693	3359
2010-11	1783	5058
2011-12	2248	6491
2012-13	2844	1116
2013-14	1901	1435
2014-15	1510	3103
2015-16	1937	4658
2016-17	2588	4366
2017-18	2993	7396
2018-19	3264	2228
2019-20	3979	3211
2020-21	4192	4788

8.2 Land Acquisition :

Achievements	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Land Notified u/s 3D (Ha.)	6432	8303	10275	25980	33430	23805
Possession (Ha.)	9285	7491	9494	18850	12092	20038

8.3 Collection of user fee:

During the year 2020-21, 4405.295 kms (Public Funded 3875.873 km and Concessionaire 529.422 Kms) of completed National Highways sections have been added for tolling. The total length under tolling is 34600.676 km [Public Funded 18668.930 km Concessionaire 15931.746 km] User Fee (Toll) is being collected on 34600.676 km of completed length/ sections on Public Funded/ BOT (Annuity)/OMT mode involving 631 user fee plazas (294 Concessionaire and 337 Public funded).

8.4 Toll-Operate-Transfer (ToT) Contacts

- In 2016, CCEA had authorized NHAI for Monetization of Public Funded NH Projects. NHAI had launched an Asset recycling initiative through Toll Operate Transfer (TOT) model which are operational and are collecting toll for atleast one year through the Toll Operate Transfer (ToT) model.

- TOT model is a new concept for asset recycling to generate more resources for construction of future highways which envisages long-term investment opportunity in the highway sector to the Indian Developers and platform developed by Pension and Foreign Infrastructure and Pension Funds.
- Till FY 2020-21, 18 stretches comprising of 1247 km have already been monetized through ToT mode in 2 Bundles, i.e. ToT Bundle-1 and ToT Bundle-3. A sum of Rs. 14,692 crore already realized and remitted to CFI.
- ToT Bundle – 5(A-1) with total length of 53.600 km & ToT Bundle -5 (A-2) with total length of 105.900 km of the stretch of Palanpur-Radhanpur-Samakhiyali Section in the state of Gujarat were awarded in March, 2021 as tabulated below:

Details of Projects Awarded under ToT Bundle

- ToT Bundle – 5(A-1) with total length of 53.600 km & ToT Bundle -5 (A-2) with total length of 105.900 km of the stretch of Palanpur-Radhanpur-Samakhiyali Section in the state of Gujarat were awarded in March, 2021 and likely to realized a sum of Rs. 2,262 crore for TOT Bundle 5 (A-1) & (A-2) in Q2 of FY-2021-22 as tabulated below:

Details of Projects Awarded under ToT Bundle-5 (A-1)

S. No.	Section	Length in Km	Awarded Cost	Name of the Bidder
1	Palanpur-Radhanpur-Samakhiyali Section from km 589.600 to km 536.000 of NH-27 in the state of Gujarat	53.600	Rs. 1011 Cr.	M/s Adani Road Transport Ltd. Skylark Infra Engineering Pvt. Ltd.

Details of Projects Awarded under ToT Bundle-5 (A-2)

S. No.	Section	Length in Km	Awarded Cost	Name of the Bidder
1	Palanpur-Radhanpur-Samakhiyali Section from km 536.000 to km 430.100 of NH-27 in the state of Gujarat	105.900	Rs. 1251 Cr.	M/s D.P. Jain & Co. Infrastructure Pvt. Ltd.

- In addition to above, NHAI is in a process of identifying the potential stretches for Asset Monetization and priority & mode of monetization shall be decided as per project viability and market appetite.
- TOT Bundle-2 was annulled due to higher bid being lower from the Initial Estimated Concession Value (IECV) and TOT Bundle 4 was withdrawn as per the decision for non-disclosure of IECV.

9 Key Financial Highlights

9.1 Sources of Funds

9.1.1 NHAI receives its funding through:

(i) Government support in the form of capital base, cess fund, additional budgetary support, capital grant, maintenance grant, ploughback of (a) toll revenue and (b) asset monetisation;

(ii) Loan from multilateral agencies;

(iii) Market borrowings, Domestic and International.

9.1.2 The sources of Funds during the year 2020-21 are as under:

(i) A sum of Rs. 23,850 Crore in the form of Cess Fund for capital investment in National Highways from Central Road and Infrastructure Fund NHAI from Ministry of Road Transport & Highways through Union Budget. NHAI has also received additional budgetary support to the tune of Rs. 2,800.00 Crore for development of National Highways (Original) work during the current fiscal, capital grant (JICA &WB) of Rs. 100 Crore and Rs. 32.60 Crore for special multi model project in Nagpur.

(ii) NHAI has raised Rs. 3,427.31 Crore by way of Capital Gains Tax Exemption Bonds under section 54EC of Income Tax Act, 1961, apart from raising Rs. 45,802.60 Crore through taxable bonds (including Rs. 3000 Cr as unsecured bonds & Rs. 950 Cr as ETF) from domestic market, EPFO, LIC, etc. and a term loan of Rs.15,850.00 Crore from SBI, PNB & Axis Bank.

(iii) NHAI has deposited a total amount of Rs. 15,156.48 Crore (Toll Revenue Rs. 7,390.55 Crore, Shared Revenue Rs. 1,854.78 Crore, Negative Grant Rs. 900.15 Crore and TOT Rs. 5,011.00 Crore) in Consolidated Fund of India (CFI) during 2020-21 towards User Fee collection, Revenue share, Negative Grant and interest thereon and against this, the Ministry has released Rs. 18,762 Crore to NHAI through Permanent Bridge Fee Fund (PBFF) as ploughback of Toll Remittance made to CFI.

(iv) Ministry of Road Transport & Highways also provided Rs. 400 Crore for maintenance of national highways.

9.2 Achievements:

i) Funds amounting to Rs. 45,802.60 Crore were raised through taxable bonds on e-bidding basis. The investors include institutions like LIC & EPFO, Banks, Insurance Companies, Pension Fund, QIBs etc.

ii) A sum of Rs. 15,850 Crore was raised as Term Loan from Banks (Rs. 10,000 Crore from State Bank of India & Rs. 5,000 Crore from Punjab National Bank for 10 year tenure and Rs. 850 Crore from Axis Bank for 15 year tenure).

iii) Funds to the tune of Rs. 3,427.31 Crore were raised by way of 54EC Bonds during the period reported upon.

iv) Govt. of India introduced ETF (Exchange Traded Fund) for the 1st time in FY 2019-20 and NHAI also actively participated therein and raised Rs. 950 Crore through ETF during FY 2020-21 which is included in taxable bonds referred at para 9.1.2 (ii).

9.3 Credit Rating

All the credit rating agencies such as CRISIL, ICRA, CARE and India Ratings have assigned highest credit rating i.e. "AAA/Stable" to NHAI Borrowing Programme amounting to Rs. 65,000 Crore for FY 2020-21. These ratings enable NHAI to borrow funds at competitive rates.

9.4 Following are the Highlights of Financial Performance for the year 2020-21

(Rs. in Crore)

Sources of Funds	2020-21	2019-20
Receipts of Cess	23,882.60	11,091.00
Plough Back of Toll Revenue	11,500.00	10,600.00
Plough back TOT Remittance	7,262.00	5,000.00
Additional Budgetary Support	2,800.00	1,000.00
Capital Grant (JICA & WB)	100.00	157.00
Capital Gains Tax Exemption Bonds	3,427.31	4,450.80
Taxable Bonds	45,802.60	49,536.00
Loan from National Small Saving Fund	-	10,000.00
Term loan	15,850.00	11,000.00
Other Sources (DME, Interest, Capital Receipts, Maintenance)	13,615.25	383.09
Utilisation of opening balance	1,110.65	846.89
Total	**1,25,350.41**	**1,04,064.78**

Application of Funds	2020-21	2019-20
Land Acquisition	35,858.20	28,541.61
Project Expenditure	61,484.38	49,784.52
Repayment of Loans and Interest thereon	25,632.58	19,419.87
Other Outflow	2,375.25	6,318.78
Total	**1,25,350.41**	**1,04,064.78**

10 Key Contracting Models for Highway Construction

10.1 BOT (Toll)

In BOT (Toll) pattern, the private developers/ operators meets the upfront cost and expenditure on annual maintenance and recovers the entire cost along with the interest from toll collections as per toll policy during the concession period. To increase the viability of projects, a capital grant upto a maximum of 40% is provided by NHAI.

10.2 BOT (Annuity)

In BOT (Annuity) projects, the private sector is required to meet the entire upfront cost and the expenditure on annual maintenance. The concessionaire recovers the entire investment through pre-determined annuity payments by NHAI. Government is responsible for collecting toll revenue and thereby commercial risk is not transferred to the concessionaire.

10.3 Engineering, Procurement and Construction (EPC)

In new Engineering, Procurement and Construction (EPC) model, projects are contracted for a fixed term, fixed time and fixed cost. There is a shift from an item rate construction contract to an EPC (lump sum) contract to minimize time and cost overruns. The Government collects toll revenue after construction period. No commercial risk for the Contractor except maintenance for 4 years of defect liability period.

10.4 Hybrid Annuity Mode

HAM assures better risk allocation amongst private concessionaires and NHAI. In new Hybrid Annuity Mode (HAM) 40% of bid project cost is payable to the concessionaire by NHAI in ten (10) equal instalments linked to project completion milestones and concessionaires shall have to arrange the balance 60% of the bid project cost. The remaining Bid Project Cost shall be paid in the thirty (30) biannual instalment.

Once the project is completed, the NHAI collect toll and pay annuities till the end of concession period. The toll collection is done by NHAI. For concessionaires, the traffic risk is not associated with Concessionaires, the traffic risk is not associated with them as compared to BOT Toll model. It gives them some comfort level to borrow from the banks.

10.5 Special Purpose Vehicle (SPV) for Port Connectivity

NHAI has taken up development of port connectivity projects by setting up Special Purpose Vehicles (SPVs) wherein NHAI contributes upto 30% of the project cost as equity. The SPVs also have equity participation by port trusts, State Governments or their representative entities.

11 Road Safety

For improvement of road safety on National Highways (NHs), NHAI has taken various steps, including rectification of blackspots, conducting road safety audits, observing National Road Safety Month, road safety awareness campaign, capacity building through training of officers, concessionaires and other stakeholders.

Ministry has identified about 3996 blackspots on NHs entrusted to NHAI based on accident data of 2015-18. Up to March 2021, 1832 blackspots have been rectified with rectification measures, such as sign boards, junction development, road widening, construction of under passes/flyovers, etc. In total, short-term measures like warning sign boards, rumble strips, road markings and so on have been completed at more than 3350 blackspots. Further, out of 789 blackspots identified by Ministry on NHs during 2011-2014, 503 are under jurisdiction of NHAI. By the end of FY 2020-21, 338 blackspots have been rectified with long-term or short-term measures. Out of these 37 blackspots were rectified during 2020-21.

Road Safety Audit (RSA) is conducted in all projects of NHAI at all stages (development, construction and operation) through Safety Consultants appointed for the projects. During 2020-2021, independent safety consultants carried road safety audit of 5272 km of NHs.

During the year, NHAI officers were nominated for various training programs in India. Four officers were nominated for 3-days online training on Vision Zero organized during the first week of November 2020 by Automotive Research Association of India (ARAI) and sponsored by MoRTH. Six officers were nominated for "International Course on Road Safety Audit, Biomechanics & Crashworthiness and Road Construction Safety" conducted by TRIPP, Indian Institute of Technology (IIT)-Delhi from 1st to 15th December 2020. Five officers were nominated for "Road Safety Engineering and Auditing" organized by IAHE from 26th May to 5th June 2020. NHAI also organized training of 50 officers on "Road Safety Engineering" through Asian Institute of Transport Development (AITD), Delhi.

The National Road Safety Month, 2021 was observed from 17th January 2021 to 16th February 2021. It was inaugurated by Hon'ble Minister of Road Transport & Highways (RT&H), Shri Nitin Gadkari in the presence of Hon'ble Minister of Defence, Shri Rajnath Singh and Hon'ble MoS of RT&H, General (retd.) Dr. V. K. Singh at Plenary Hall, Vigyan Bhawan, New Delhi on the 17th of January, 2021. The event was organized by NHAI on behalf of MoRTH. A Symposium on Safer Roads was also organized by MoRTH in online mode on 3rd and 4th February 2021, which was attended by NHAI officers and various professionals engaged in road safety on NHs.

Various events were also held during the Road Safety Month at NHAI Regional Offices, Projects Implementation Units and Toll Plazas including workshops on Road Safety Engineering. These events were attended by NHAI officers, IE/AE, Concessionaires, Contractors, and Safety Consultants. During the Road Safety Month, more than 100 free Health-cum-Eye Check-up Camps were organized at Toll Plazas for commercial vehicle users. About 11000 commercial vehicle users got their eyesight tested and other medical check-up through these camps. In addition to this, road safety awareness campaigns were organized for school children and general public with the support from state police department.

12 IT Initiative

12.1 Greater thrust on Information Technology (IT):

Information Technology is crucial for quick collaboration. It is equally important during the planning. Monitoring and evaluating process, and hence introduction of IT is one of the major focus areas in NHAI.

NHAI is imbibing the best & latest information technologies in various aspects of highway development and management. NHAI has introduced most advance IT tools and applications such as AI (Artificial intelligence), Drones, Satellite monitoring, GPS-GIS mapping and Electronic Toll Collection effectively with a significant thrust on technology envisaged to be one of the important strategies for NHAI to successfully manages its systems. Therefore, a comprehensive strengthening of the IT system is being carried out. NHAI created an AI based Data Lake to monitor its project on real time basis.

12.2 Data Lake and Project Management Software with big data Analytic

NHAI has developed an unique cloud based Project Management Software and Data Lake with Big Data Analytics platform to manage NHAI projects. Data Lake Project Management Software manages the complete Projects Workflow, Work Program, Drawing, Designs, Quality Assurance Plan (QAP), Request For Inspection (RFIs), Site Inspections, Approvals, Issue Management, Change of Scope(COS) and Extension of Time (EoT), Monthly Progress Report, Monthly Inspection Report, Documentation including Test reports, Project Photos, and Videos, Works Diary and payments.

This involves huge amount of data coming from various IoT devices, Drones, LiDAR, Network Service Vehicle (NSV), FWD, Satellite Imagery, Design software, Monitoring Software and Building Information Management (BIM) tools alongwith GIS features.

It's the complete process flow of end to end Project Management through Big data analysis on Web Portal. On this Portal DPR Consultants/Contractors/Concessionaires, Authority / Independent Engineers, PIUs, ROs, and NHAI HQ Officials everyone is having role-based logins.

12.3 Attendance Management System (AMS) for NHAI's AEs/ IEs/ Consultant.

NHAI has implemented an advanced face recognition location based Mobile Application System (e-Attendance System) to track and monitor attendance of key personnel developed by AEs/ IEs & consultants for the projects. This system is integrated with Data Lake/ PMS Portal. The application user's facial recognition, GPS based location identification enabling a user to mark their daily attendance. The system will automatically capture date & time of login and log out. User will mark their attendance daily by signing-in, in the morning and sign-out, at the end of the day.

12.4 Setting up Center of Excellence (CoE) on use of Artificial Intelligence in Data Driven Decision Making in NHAI

National Highways Authority of India (NHAI) signed a Memorandum of Understanding (MoU) with the Indian Institute of Technology, Delhi to set up a Centre of Excellence (CoE) for Use of

Artificial Intelligence in Data Driven decision making and Advance Data Management System for Highways.

Under the partnership, IIT Delhi will work with NHAI on developing advance analytics based on AI and ML, prepare simulation models, enhance data storage and retrieval capacities to further strengthen NHAI's capabilities in data-driven decision making. The collaboration will be undertaken on the identified thrust areas like the Project Management and Data Management, Highway Network Traffic Demand and Incident Management, Highway safety, Highway Work-zone Management, Highway Pavement Management System. IIT Delhi will also give inputs for NHAI data management policy.

12.5 Empanelment of Agencies/Service Providers to capture high resolution aerial videos of National Highways.

The total NHAI road network has been divided into five (05) zones and NHAI has empaneled zone wise agencies to carry out high resolution aerial videos, aerial mapping (Ortho-mosaic of respective zones), structural inspection (including Bridges) of NHs. The drone video captured from the projects will be fed into Data Lake/ PMS software for monitoring of the projects.

12.6 Creation of Road Asset Management (RAMS) Cell

NHAI is also working on modern techniques for survey and is preparing a digital inventory of various assets. The study shall develop a web-based GIS network of NHAI road network database assets and related inventory. NHAI have created temporary Road Asset Management System (RAMS) Cell is set up to use the Network Survey Vehicle (NSV) data using RAMS software and give tangible outputs to monitor the road conditions during O&M phase. NHAI re-invited bids for Engagement of Consultant for Highway Pavement Management System for Maintenance of National Highways in India to institutionalize the techniques will help NHAI enhance its monitoring and maintenance capabilities, allow for proactive road maintenance, and reduce the overall maintenance costs.

12.7 Empanelment of Agencies for Road Data Collection survey using Network Survey Vehicle (NSV) and Pavement Strength using Falling Weight Deflectometer (FWD) on National Highways.

The total NHAI road network has been divided into five (05) zones and NHAI has empaneled agencies for zone wise Road Data Collection survey using Network Survey Vehicle (NSV) and Pavement Strength using Falling Weight Deflectometer (FWD) on National Highways. The NSV data for all National Highways will uploaded in Road Asset Management System (RAMS) based on which condition of the Road Network will be captured for the project.

12.8 NSV SURVEY PORTAL (www.nsvsurvey.nhai.org)

MoRTH and NHAI have developed Road Asset Management System (RAMS) for managing and maintaining the entire National Highways in India through a systematic, scientific and life cycle analysis. The main objective of the RAMS Cell is to operate, maintain, update and upgrade RAMS system developed for all National Highways in India, irrespective of the agencies with whom such stretches of NHs are entrusted.

12.9 E-Procurement System:

In order to improve transparency, accountability and speeding up the bidding process, NHAI

has switched to e-Procurement & e-Tendering for all types of projects including BoT in the year of 2011. NHAI has migrated e-Procurement platform to the new system developed by National Informatics Centre (NIC) Central Public Procurement Portal (CPPP) w.e.f 01.04.2017 for all tendering processes of NHAI.

12.10 Central Command & Control Centre (CCC)

A state of the art Central Command Control Centres is functional at NHAI to facilitate decision making based on the analysis of various digital inputs received in Data Lake/ ERP and then disseminate the relevant information back to the stakeholders. As per NHAI requirement, Central Command Control Centres provides various 24X7 basic infra facilities to control & implement various time bound NHAI initiates/ drives such as implementation of FAStag PAN India basis etc.

12.11 NHAI Website:

The NHAI website nhai.org has been upgraded with features such as Chatboat and other State of the Art features linked with real time display of information and social media. Contemporary outlook of 24*7 website is being maintained.

12.12 Toll Remittance Management System (TRMS)

This software initially store the records and generate letter of awards of requisite public funded toll plazas. Software also integrated with Bank API to get real time information of toll amount deposited through various toll agencies and track remittance of all public funded Plazas.

12.13 Exempted FASTag Portal

Ministry of Road Transport & Highways has introduced RFID-based FASTag to implement Electronic Toll Collection (ETC) programme so as to remove delays and congestion at user fee plaza and also to smoothen the user fee collection operation. As per Ministry's direction, it has been decided that all categories of vehicles included under the category of "exempted from paying user fees" as per Rule 11 of National Highways Fees (Determination of Rates and Collection) Rules, 2008 and subsequent amendments, shall be issued exempted category FASTag, based on application made by self or an authorized representative.

To facilitate the process of Application online, a web-portal has been developed by National Highways Authority of India to facilitate all matters relating to issuance of all exempted FASTag. The exempted FASTag is issued free of cost to the exempted categories of mechanical vehicles as per NH fee Rule 2008 and subsequent amendments.

12.14 Bhulok portal (https://bhu.nhai.org)

This portal is used for monitoring the readiness of project running in NHAI/ MORTH/ NHIDCL. The portal has been developed in NHAI/ MORTH/ NHIDCL. The BHULOK is operational in NHAI. The Bhulok Portal provides dashboard of Bhumi Pujan related information to the senior management of MoRTH/ NHAI.

12.15 Video Conferencing, New Network and Data Centre

Entire NHAI field offices & HQ connected with 100 Mbps MPLS cloud. Modernization of IT infra, Wi-Fi office and 1Gbps connectivity are new addition. All RO and around 90 PIU's are Connected with Video Conferencing facility as well as IP Telephony for direct communication between NHAI HQs and field offices.

13 Challenges and Remedial Measures

13.1 Project Financing / Financial Closure Impediments:

Lack of Equity and over-leveraged Balance sheets of the developers: Most developers have significantly leveraged their balance sheets in anticipation of high levels of growth. The economic downturn seen in the last few years has resulted in revenue realization at a much lower rate than what was anticipated. Many developers have taken significant future obligations which creates difficulties in debt servicing.

Stress on the existing road infrastructure loan portfolios of Financial Institutions: Reduced revenue realization due to economic slowdown is affecting the debt servicing ability of the concessionaires. Often the concessionaire is unable to service the debt and has to propose restructuring of the debt to the lenders. While the first restructuring exercise is permitted by lenders without any adverse asset classifications, any subsequent exercise automatically affects the assets classification in the books of its lenders leading to disproportionally high level of NPAs.

Mismatch between project and debt duration: The current practice of financing large infrastructure projects is based on revenue streams spread over 20 to 30 years. For a project with a debt that spans over 10 to 15 year tenure period, this leads to sustainability issues and a consequent asset liability mismatch.

Sector exposure norms of Financial Institutions getting exhausted: With the debt obligations mounting on account of debt repayment deferment, FI's exposure to this sector has increased significantly, reaching defined exposure norms for the sector.

Delayed Projects: A number of projects are stuck or delayed turning many bank loans into NPAs and further constraining the banks' lending to such infrastructure projects.

13.2 Regulatory Impediments:

13.2.1 Acquisition of Land (LA):

No timeline is fixed for the declaration of award by the Competent Authority for Land Acquisition (CALAs) which causes delays in acquisition of land for the development of National Highways.

Income tax is exempted if the land is acquired under Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (RFCTLARR Act). However, income tax is leviable on compensation determined under NH Act, 1956 as per extent provisions of Income Tax Act.

13.3 Removal of Impediments and Measures for Operational efficiency:

13.3.1 Approval of optimal alignment:

In order to ensure selection of optimal alignment for the new Highway Development Projects, the alignment and land acquisition plan is approved by a Land Acquisition Committee (LAC) headed by Chairman, NHAI, Member(A) (who is dealing with land acquisition) and the concerned Member. LAC examines all new proposals as per viability of the project taking into consideration the various factors such as the cost

of the land, the time period for acquisition etc. A web-utility has been developed in- house in NHAI for processing of LAC Proposals.

13.3.2 Initiatives/Measures to reduce land acquisition cost and expedite land acquisition

Various measures have been taken to expedite land acquisition and reduce its cost. These measures includes, Fixation of Multiplication Factor (MF), Rationalization of Circle Rate/Market value of the land, fixing timelines for land acquisition, fixing of maximum administrative charges @2.5% of the total land acquisition cost, monitoring of progress of land acquisition, through monthly review meetings, right from the start when the land acquisition plan is approved by Land Acquisition Committee to ensure availability/handing over of encumbrances free land on the appointed date, expeditious disposal of arbitration cases etc.

13.3.3 Approvals for Railway Over Bridges (ROBs) / Railway Under Bridges (RUBs), General Approval Drawings (GADs), etc.:

To avoid delay in GAD from Railways, an MOU has been signed between MoRTH and Ministry of Railways on 10.11.2014. Time line of 60 days for GAD approval is proposed and various charges imposed by Railway has been waived off. After signing of this GAD approval became easier and fast. In this regard during year 2020-2021 total 72 number of GAD proposal of ROBs/RUBs of NHAI has been approved out 112 GAD uploaded on RORACS.

13.3.4 Simplification of process of Environment and Forest Clearance:

MoEF&CC vide OM dated 19.03.2013, circular dated 20.08.2014 and Gazette Notification dated 10.10.2014 simplified the statutory clearance process for linear projects. The details are as under:

i) De-linking of environment and forest clearance-Consideration of projects for grant of environment clearances under EIA notification 2006, which involve forest land-procedure to be followed (OM dated 19.03.2013)

ii) Decentralization of forest clearance of linear projects by constitution of Regional Empowered Committee (REC) in 10 Regional offices of MoEF&CC.

iii) De-linking of grant of forest clearance from the clearance of standing Committee of Wildlife (Circular dated 20.08.2014).

Further:

iv) The compliance under FRA is not required for grant of in-principle approval (MoEF&CC Circular dated 26th February, 2019).

v) Extraction of sourcing or borrowing of ordinary earth for the linear projects such as roads, pipelines, etc. has been exempted from Environment clearance (MoEF&CC Gazette Notification dated 28th March, 2020)

vi) Vide MoEF&CC Communication F.No. 6-60/2020WL Part(1) dated 26th July, 2020) it has been clarified that no wildlife clearance is required for developmental projects outside protected areas except in the following conditions :

a) Located within the notified EZS and listed in the Schedule of the EIA Notification 2006;

b) Located within 10 km of National Park/Wildlife Sanctuary wherein ESZ has not been finally notified and

c) Outside the protected area-linking one protected area or tiger reserve with another protected area or tiger reserve.

vii) NHAI succeeded in getting exemption from seeking prior forest clearance under FCA 1980 if the ownership of land vests with MoRTH/NHAI/State Road agencies, if it is not " forest" as per Government records and the same land is under "non-forest use" before 25th October 1980, then provision of Forest (Conservation) Act,1980 would not apply.

viii) NHAI succeeded in getting clarification from MoEF&CC that the processing of the proposals under Forests (Conservation) Act, 1980 should be done on the basis of legible documents, as required to be uploaded on PARIVESH Web Portal. Physical copies (hard copies) of the documents of proposal or related document thereof, will not be insisted for processing the proposals, henceforth.

13.3.5 Measures Facilitating Investment:

13.3.5.1 Refinancing/restructuring loan:

NHAI is actively supporting refinancing/restructuring of loan, where there is no increase in the overall liability of NHAI (though, it may differ on any particular date as per the revised repayment schedule). During 2020-21, 19 projects were refinanced to the extent of Rs. 8963 Cr. (Outstanding senior debt) and Rs. 413.11 Cr. (additional debt) by the banks.

13.3.5.2 Equity Divestment:

During 2015-16, the cabinet Committee on Economic affairs (CCEA) approved the proposal for permitting 100% Equity divestment after Two years of construction completion for all BOT projects. During 2020-21 two cases of equity divestment (partial share transfer) were approved by NHAI.

13.3.5.3 Infrastructure Debt Fund:

The infrastructure Debt fund created as a step towards easing the burden for the bank. During 2020-21, 2 projects were approved for IDF Funding of Rs. 1088 Cr.

13.3.5.4 Premium Rescheduling:

To ensure that project execution does not suffer due to cash flow constraints a policy on rescheduling of premium was approved by CCEA, which is applicable to Concessionaire which have a revenue shortfall. Till 31st March, 2021, 26 project were considered and approved by the Board of NHAI for grant of deferment of premium. In all, these 26 proposals involve deferment of premium for a total value of Rs. 12012 Cr. The period during which such deferment has been considered spans FY 2015 to FY 2031.

13.3.5.5 One time fund infusion

Policy of one time fund infusion is one time dispensation for all such projects that were languishing as on 01.11.2014. The facility is available to project that have achieved 50% physical completion and it is also established that infusion of

moderate funding can quickly bring this project to completion.

Till financial year 2020-21 NHAI has sanctioned Rs. 2413 Cr of loan under this scheme.

13.3.5.6 Harmonious Substitution:

In view of the difficulties faced by Concessionaire in Public-Private-Partnership (PPP Projects), Government has decided to permit the substitution of existing concessionaires or the selected bidder/consortium Members of such projects SPV, in a harmonious manner, in accordance with the provisions of clause 40.3 of the Model Concession Agreement read with the Substitution Agreement. The scheme of Harmonious Substitution was circulated vide NHAI circular no. NHAI/11033/CGM(FA)/4/2014 dated 29.01.2014 and circular no. 8.4.19/2020 dated 24.02.2020 During 2020-21 two cases of Harmonious Substitution were approved by NHAI Board.

13.4 Dispute Resolution:

In view of speedy resolution of disputes between the parties, NHAI constituted Conciliation Committees of Independent Experts (CCIEs) comprising of Independent Eminent Personalities from various relevant fields such as Bureaucracy, Judiciary, Technical and others. CCIE is a settlement forum, where mutual give and take constitutes the essence, rather than strict legal position of the parties on adjudication of the matter. If the parties reach consensus/settlement, then parties to the dispute would append their signatures on the settlement agreement as concluded and the same shall be authenticated by the Conciliators and thereafter parties withdraw all pending cases before AT/Courts within a period of 30 days, if any, and release the payment due from either side within next thirty days. If the parties fail to arrive at some consensus/settlement, then the case would be closed in that meeting itself with the consent of the CCIE. NHAI would honour and implement the recommendations/decision of CCIE in a time bound manner. It is envisaged that the Conciliation-Cum-Settlement proceedings shall be completed in each case through five sittings within a period of not more than six months from the day the reference is made to CCIE.

Accordingly, NHAI on 02.06.2017 established two Conciliation Committees of Independent Experts (CCIEs) for amicable settlement of disputes. Further keeping in view the workload, one more committee was constituted. During the year 2017-18 none cases were settled by CCIEs. In the year 2018-19, 8 cases were settled successfully for 1244.87 Crores against the claim amount of 3018.67 Crores by CCIEs. In the year 2019-20, 27 cases were settled successfully for 2433.50 Crores against the claim amount of 6931.39 Crores by CCIEs. In the year 2020-21, 60 cases were settled successfully for 5312.541 Crores against the claim amount of 14206.60 Crores by CCIEs. Balance unsettled are spilled over to year 2021-22". At the end of FY 2020-21, out of total 154 cases, 95 Cases resolved with settlement amount Rs. 8990.911 Cr. Against claim of Rs. 24156.66 Cr.

13.5 Society for Affordable Redressal of Disputes (SAROD):

13.5.1 NHAI, in association with National Highways Builders Federation (NHBF), has formed an institution for the speedy and affordable redressal of disputes called as the Society for Affordable Redressal of Disputes (SAROD) registered under the Societies Registration Act, 1860. It provides a forum for dispute resolution at reasonable cost. Provision for mandatory application of this mode of dispute

resolution has also been incorporated in the Model Concession Agreement (MCA). There are four 4 categories of members namely Founding Member, Primary Member, Associate Member and Honorary Member. The apex body of the Society is General Body which comprises of all the members of Society and the general administration is handled by the Governing Body assisted by a Secretariat.

13.5.2 As on 31st March 2021, there are 55 Primary Members and 5 Associate Members of SAROD. There are fifty nine (59) cases referred under SAROD Arbitration Rules as on 31st March 2021 out which 30 cases have been awarded, 8 cases have been withdrawn or settled out of court and 21 cases are at various stages of adjudication.

13.5.3 To streamline and improve operational efficiency of Secretariat, advisory guidelines have been issued with the approval of the Governing Body to all the members. Further, a new website has been created namely "Arbitration Information Management System".

13.5.4 In an endeavor to make paperless functioning, a software is being developed internally which would facilitate all the stakeholders in terms of filing application for Arbitration, selection of Arbitrators, uploading of minutes etc. and would also act as repository of all previous Arbitral Awards for reference.

14 Systemic Improvements

14.1 Improvement in Toll Collection:

All fee plazas on National Highway are equipped with FASTag technologies. FASTag is a device that employs Radio Frequency Identification (RFID) technology for making toll payments directly from the prepaid or savings account linked to it. It is affixed on the windscreen of a vehicle and enables one to drive non-stop through the toll plazas without any hassle of cash transactions. The tag can be purchased from Tag issuers and can be recharged as per the user's requirement.

Government of India has declared all lanes of the fee plaza as FASTag lane of the fee plaza w.e.f. midnight of 15th /16th February, 2021. Subsequent to declaration of all lanes as FASTag lane, the collection through FASTag has increased substantially. The salient achievements are as under:-

(i) All time high volumes of FASTag transactions and issuance/ sales recorded in March, 2021. Record highest single day transaction 68 lakhs recorded Record Highest Single Day Transaction.

(ii) The growth of ETC (FASTag) transaction in FY 2020-21 is summarized as below:-

Parameters	FY 19-20	FY 20-21	% growth
Yearly FASTag transaction (in lakh)	5,825.86	13,268.86	128%
Yearly FASTag transaction (in Rs. Crs.)	11,294.48	22,761.74	102%
Yearly FASTag issuance	1,22,66,066	1,43,88,956	17%

Parameters	Mar-20	Mar-21	% growth
Average % FASTag penetration	77%	93%	21%
Daily Avg. FASTag transaction (in lakh)	27.28	45.84	68%
Daily Avg. FASTag collection (in Rs. Crs.)	62.2	99.56	60%

(iii) Average FASTag collection was over Rs. 100 Cr per day (NH-approx. Rs. 91 Cr.) in Mar 2021; which was approx. 19% higher than in first fortnight Feb 2021.

14.2 Some key technological interventions:

FASTag Transaction processing protocol have been upgraded to near real-time transaction processing at more than 485 NH fee plazas by transition to real time transaction with process protocol (ICD 2.5) to enhance user experience. Salient benefits of this upgradation are as under:-

(i) Near real-time transaction processing (upgrade from batch-wise SFTP file processing)

(ii) Enhanced security in transaction processing.

(iii) Instant SMS to customers on toll deduction compared to 15-30 minutes delay previously.

14.3 Setting up of Toll Management & Control Center (TMCC):

Centralized monitoring mechanism system has been set up by IHMCL at NHAI HQ. Key features are as below :-

(i) Toll data lake – to serve as the repository for all data related to toll collection, FASTag mapper, TMS data from toll plazas, etc. and traffic survey data, Mobile Apps, TIS etc.

(ii) Cloud-based business intelligence tool – to process and carry out various analyses of high-volume data by using cloud computing tools.

(iii) Central real time monitoring system – to capture the real-time data feeds from various toll plazas and assist in time remote monitoring of toll collection and health status of critical equipment at fee plazas.

(iv) Management Dashboard – to provide instant access to critical as well as consolidated data at NHAI/ IHMCL for efficient decision making and directions.

(v) 24 x 7 operations team – adequate manpower to keep a close watch on the performance of toll plazas and prepare various MIS reports.

14.4 On-boarding of State Toll Plaza:

NHAI/ IHMCL has issued SOP for on-boarding of State fee plazas. MoU has been signed with 13 State Authorities for on-boarding 269 State Fee Plazas.

15 Other Management Initiatives

15.1 Decentralised decision making process:

(i) Regional Officers and Project Directors in the field have been further delegated financial powers for quick decision making to expedite the project implementation.

(ii) Standard guidelines and procedures have been formulated to expedite Land Acquisition and Utility Shifting.

(iii) Regional Officers are empowered to augment the Human Resources required at the field level by hiring retired Central/ State Government Officials and private personnel through the outsourcing agencies.

(iv) Video Conferencing facility is also introduced in all Regional Offices for regular reviews and interaction with the Headquarters to expedite the decision making process.

(v) Regional Officers have been made the nodal officers and the Convener of the High Powered Committees chaired by the Chief Secretary of the concerned States to sort out the local issues for expediting the preconstruction activities like Land Acquisition and Environment Clearances etc.

15.2 Improvement in Planning and Execution Process:

a) In order to ensure better riding quality of National highways constructed under EPC mode, the maintenance criteria as part of obligations of the Contractor during the Defect Liability Period has been crucially altered with emphasis on better performance parameters & desired level of services. The Defect Liability Period has been also enhanced to 5/10 years, from existing 4 years, depending on the nature of pavement.

b) The RFP for Authority Engineer/ Independent Engineer/ Supervision Consultant for projects under implementation/ O&M Phase have been modified to include equipment based monitoring of National Highways which would help improve the life of pavements with better riding quality.

c) The provisions to ensure dedicated key personnel of Authority Engineer/ Independent Engineer, engaged for projects under implementation and O&M phase, during the currency of the works have been adopted.

d) To encourage usage of less explored technologies & processes, research studies have been assigned to IITs for laboratory/ field trials and these technologies may be adopted in road construction based on recommendations from these institutions. Further, the trial stretches for use of various unconventional materials/ waste plastic etc. have been also identified to assess/ demonstrate long term performance of National Highways.

15.3 Focus on a network-wise approach for managing the highways under its purview:

An integrated approach focusing on an entire network rather than the operational aspects of individual highway stretches is a key strategy area for NHAI which includes asset management, revenue management, road safety, security management, traffic management etc.

15.4 Incident Management

As part of incident management NHAI has deployed over 2250 ambulances, patrol vehicles and tow-away cranes/vehicles at/near its toll plazas.

15.5 Swacch Bharat Mission

- Display of Swachhata message and discouraging littering through hoardings at 1540 places.
- Installation of dustbins at 2621 nos. on each lane of toll plazas on National Highways.
- Constructions of toilets: to achieve the objective of providing the road users with hygienic toilets facility under Swachh Bharat Abhiyan 837 no. of ladies toilets and 833 nos. of gents toilets have been constructed on upside and downside of the toll plazas along National Highways upto 31.03.2021.

15.6 Infrastructure Investment Trust (InvIT):

- Govt. of India has launched National Monetisation Pipeline (NMP) in 2021 wherein a detailed pipeline/plan of monetization of infrastructure assets has been unveiled. The aggregate value of assets under NMP is estimated at ₹6,09,000 crore with top 5 sectors being Roads (26%), Railways (25%), Power (16%), Gas and product pipelines (10%), and Telecom (7%).
- NHAI, in line with its monetization plans and to unlock value of its assets and attract private players to invest in National Highways, initiated the process of setting up its Infrastructure Investment Trust in FY2020-21. National Highways Infra Trust (NHIT) has been set up with NHAI acting as its Sponsor. Further, separate Special Purpose Vehicles (SPVs) to manage NHIT and to domicile the road projects were incorporated during the year and management team put in place.
- The process of monetizing the assets by raising funds from domestic and international institutional investors was initiated during the year with draft offer document filed with SEBI on March 31, 2021.
- A portfolio of 5 road projects with aggregate length of 390 km was identified and concession agreement have been executed between the project SPV and NHAI. Further, NHAI has also incorporated dedicated SPV for technical O&M of the projects.
- Subsequently, in Nov 2021, NHIT successfully raised funds from domestic and international investors through institutional placement of its units at an enterprise value of Rs 8011.52 crore. The units were subscribed by set of investors comprising pension funds, insurance companies, mutual funds, banks and financial institutions.
- NHIT is expected to be an additional alternative source of raising funds and help in unlocking capital in completed and operational national highway projects.

15.7 Vigilance Division

Vigilance Division has disposed of 150 vigilance cases which were pertaining to toll/fastag, LA/Alignment, construction/ quality, contractual matter and other like utility shifting, corruption, accord permission, median openings, inspections etc. during the year 2020-21(up to 31.03.2021). The details of which are as under:

Sr. No.	Nature of case	Number of Vigilance cases	
		Disposed of during (in number) April 2020- March 2021	Pending till 31.03.2021 (in number)
1	Toll related	27	36
2	LA/ Alignment related	22	62
3	Project related viz. construction, maintenance, quality, procurement, contractual matter etc.	46	227
4	Administrative issues	27	27
5	Other (Utility shifting, access permission, encroachment etc.	28	43
Total number of cases		**150**	**395**

15.8 Implementation of the Official Language Policy of the Government

Progressive use of Hindi in official work has increased positively in National Highways Authority of India (NHAI) during the year 2020-21, while complying with the constitutional obligations towards Official Language of the Union with firmness and promptness. During the period under report, the following significant activities related to Official Language have been done in the Authority:-

- **Hindi Translation-** The basic function of the Hindi Division is to execute translation and implementation of the Official Language Policy of the Union. During the period under report, translation of documents of diverse nature has been made available to the various divisions of the Authority.
- **Annual Programme** - The Annual Programme 2020-21 issued by the Department of Official Language was circulated in the office with focus to get all the Officers/ employees acquainted with the Official Language Rules and the targets set by the government so as to enable them to discharge their responsibilities more effectively.
- **Organization of Hindi Fortnight** - Official language policy is based on the strategy and framework of inspiration, incentive and goodwill. Keeping it in view, Hindi Fortnight was organized in National Highways Authority of India from September 01 to September 15, 2020. During its celebration a total of 06 Hindi competitions were organized in which large number of officers/employees participated. The winners of the competitions were felicitated with cash prizes and certificates during the quarter.
- **Organization of Hindi Workshops** - During the year under report, four quarterly Hindi workshops were organized to promote original work in Hindi like noting, drafting and correspondence, etc. pertaining to Administration, Finance and Technical matters of National Highways Authority of India. Apart from the above, technical training has also been imparted in these workshops to promote smooth and hassle-free working in Hindi on computers.
- **Organization of Official Language Implementation Committee Meetings** - Meetings of the Official Language Implementation Committee of the Authority have been held regularly in every quarter. In the above meetings, necessary decisions have been taken after reviewing the progressive use of Hindi in the National Highways Authority of India. As a result, during the period under report, Hindi correspondence in regions A,

B and C has been fairly increased. The percentage of Region A, B,C is 84.97%, 79.68%, 70.99% respectively and overall percentage of Notings written on the files is 68.75%. The Quarterly Progress Report of all the four quarters and the Annual Assessment Report for the year 2020-21 have been sent to the Department of Official Language through online system in time.

- Quarterly Progress Report on Hindi- After compiling the quarterly reports received from various divisions of the Authority (Hqrs), the Consolidated Quarterly Report has been sent to the Department of Official Language and Ministry of Road Transport and Highways. Apart from the above, quarterly reports received from Regional Offices and PIUs have also been reviewed.
- Hindi Incentive Schemes- Following Hindi incentive schemes have been implemented in National Highways Authority of India for propagation and progressive use of Official Language. Under the Schemes, incentives are given to all the concerned from time to time:-
  - » Quarterly Incentive for doing original Hindi correspondence.
  - » Quarterly incentive for giving dictation in Hindi.
  - » Quarterly incentive for making entries in Hindi in registers/service books etc.
  - » Annual Award for doing original Hindi correspondence round the year.
  - » Incentives payable on passing of Hindi examinations after joining National Highways Authority of India.
  - » Incentive payable on passing Hindi Typing / Hindi Shorthand examinations after joining National Highways Authority of India.
  - » Hindi Protsahan Puraskar Scheme for wards of Officers and staff.
  - » Incentive amount payable for writing original technical / non-technical articles / technical books / non-technical books published related to the works of the Authority.

15.9 Right to Information Act (RTI)

NHAI is promptly attending to all the applications filed under Right to Information Act, 2005. Directions are issued to all its field offices to dispose all RTI Applications/ Appeals in a time bound manner and upload the status on RTI Portal. Internal reminders circulating the pendency status is done on a regular basis in order to clear the pendency at the level of each and every CPIO and Appellate Authority spreading across the length and breadth of the country.

Furthermore, for the last one year all applications are processed through the online portal only, i.e. the physical receipts are scanned and uploaded to the RTI MIS Portal for speedy transfer and speedy disposal thereby reducing the response time for each and every RTI applications made under the Act of 2005. The filing of Quarterly Returns on behalf of NHAI is also done on a regular basis in the RTI MIS Portal at Https://rtionline.gov.in/RTIMIS/NODAL/index.php and as on date there is nil pendency with respect to filing of Quarterly returns.

The updated status (as on 31.03.2021) for RTI Applications is presented below:

Action taken by Nodal officer					
Total Online Receipt(s)	Transfer To other Public Authority	Forward To CPIO	Returned To Applicant	Disposed of	Pending
50843	141	50604	44	1	21

Action taken by CPIO(s)				
Physical Receipt(s)	Forward by Nodal Officer	Total Receipt(s)	Disposed of	Pending
9787	50604	60391	59475	3516

The updated status (as on 31.03.2021) for RTI Appeal is presented below:

Action taken by Nodal officer			
Total Online Receipt(s)	Forward To FAA	Returned To Applicant	Pending
3793	4070	4	17

Action taken by FAA(s)				
Physical Receipt(s)	Forward by Nodal Officer	Total Receipt(s)	Disposed of	ending
520	4070	4590	4278	312

15.10 VIP References/PG:

NHAI is promptly attending to all the VIP/PG received directly or through MoRTH. Directions are issued from time to time to dispose off the VIP References/PG within stipulated time period. An online portal has recently been made functional for monitoring of references and its timely disposal, the link of which is as under:-

VIP- https://www.morthedisha.gov.in/omniapp/pages/login/loginapp.jsf

PG - https://pgportal.gov.in/cpgoffice/

VIP references/PG so received in the online portal are being forwarded to the concerned divisions for speedy disposal thereby reducing the response time for each VIP reference/PG. The updated status as on 31.03.2021 is as under:-

Subject	Total received	Forwarded to Concerned Divisions
VIPs	718	718
PGs	913	913

15.11 Library and Technical Resource Centre

NHAI has a fully automated and well stocked Library and Technical Resource Centre. Standards/specifications relating to roads, highways, bridges, transportation etc. published by Indian Roads Congress and other institutions in the world from the core collection of the Technical Resource Centre. The centre has an excellent collection of journals and reference books on civil engineering, highways engineering, transportation and related disciplines. A good number of books on finance, administrative law and ICT etc. are available in the centre. Press Clippings relating to roads, highways and infrastructure development have been maintained in electronic form since March 1997. Photo section stocks a collection of about 4500 photographs of NHAI projects.

15.12 Media

The Media Relations (MR) Division is actively working towards communicating various measures taken by NHAI to advance the National Highway infrastructure of the country. The MR Division successfully leveraged various communication tools such as Press Releases, Social Media, Newsletter, Interactions with media and industry to have a favorable brand perception among all its stakeholders. It also created awareness around topics that are relevant for Highway commuters such as Road Safety, FASTag and Covid appropriate behavior.

15.13 Green Highway initiatives

1. NHAI has set up a Green Highway Division to develop green aesthetic corridor along National Highways in accordance with IRC SP:21:2009 and Green Highway Policy 2015.

2. The plantation work is carried out through Concessionaires/Contractors as part of agreement and also through the Forest Department and private agencies, where the same is not under the scope of the concessionaires/corridors .In the year 2020-21, more than 58.87 lakh saplings have been planted in the available Right of Way which includes both the avenue and median planation.

3. For effective monitoring and evaluation of plantation activities by different agencies, a mobile app 'Harit Path' has been developed and made operational in August, 2020 through which 114 lakh plants have been geo-tagged till March, 2021.

4. In addition, NHAI has issued guidelines, Standard Operating Procedure (SOPs), Expression of Interest (EOIs) and Request for Proposal (RFPs) to involve Self Help Groups (SHGs), Non-Governmental Organizations (NGOs), and private plantation agencies. Memorandum of Understanding (MoUs) arrangement is there in place to involve State Government Agencies- State Forest Department, State Forest Development Corporations, State Sericulture and Horticulture Departments. A provision has been made for public sector enterprises and corporate houses to involve them in plantation in selected section of National Highways under the Corporate Social Responsibility (CSR) funding.

16 Welfare Activities Undertaken by the Authority

16.1 NHAI Club:

NHAI club was constituted in November 2001 for looking after various social, cultural and other related activities for the employees of the NHAI. All the officers and staff of NHAI posted at the Headquarters are members of the club. NHAI Club also contributes a sum of Rs.1.0 Lakh to the family of a deceased member of the Club towards immediate financial support.

16.2 Death due to Illness, Accident or Natural Causes:

As per the NHAI policy, in case of death of any NHAI employee due to illness, accident or natural causes, the nominee of the deceased employee is entitled to receive a sum of Rs.20.00 lakhs for all categories of employees. The sum payable under the Policy was received from existing Rs. 4.00/5.00 Lakhs to Rs. 20.00 Lakhs applicable w.e.f. 20.04.2020. The scheme was first introduced in the year 2005 as part of Group Life Insurance Policy and the scheme is funded through the annual budget of NHAI from 2013 onwards.

16.3 Death Benevolent Scheme:

A voluntary scheme viz., Death Benevolent Scheme, has also been introduced in NHAI w.e.f. 01.01.2015 wherein a sum of Rs.50/- is contributed by the employees every month. An ex-gratia amount of Rs. 1 lakh is given as relief in case of death of the employee.



Elevated Flyover in Nashik-Pimpalgaon-Nashik-Gonde Section of NH-3

17 Audit

The Audit Report on the accounts of the Authority for the year 2020-21 issued by the Office of C&AG of India is attached as Annexure-2, Balance Sheet and the Management's replies on the Audit's comments on accounts are attached as **Annexure-3.**

18 ANNEXURE 1

Sl. No.	Name of Regional Office	Name of PIUs/CMUs	
1	Andhra Pradesh at VIJAYAWADA	1	Visakhapatnam
		2	Rajamahendravaram
		3	Vijayawada
		4	Amaravathi (AP)
		5	Nellore
		6	Tirupati
		7	Kadapa
		8	Ananthapur
2	Telangana at HYDERABAD	9	Hyderabad
		10	Nirmal
		11	Khammam
		12	Warangal
		13	Sangareddy
		14	Mancherial
3	Bihar at PATNA	15	Muzaffarpur
		16	Motihari
		17	Chhapara
		18	Patna
		19	Patna-II
		20	Gaya
		21	Sasaram
		22	Munger
		23	Darbhanga
		24	Begusarai
		25	Supaul
		26	Purnea
4	Madhya Pradesh at BHOPAL	27	Bhopal
		28	Chhatarpur
		29	Chhindwara
		30	Gwalior
		31	Harda
		32	Indore
		33	Jabalpur
		34	Ratlam
		35	Sagar
		36	Ujjain

Sl. No.	Name of Regional Office	Name of PIUs/CMUs	
5	Karnataka at BENGALURU	37	Dharwad
		38	Hassan
		39	Chitradurga
		40	Hospet
		41	Ramanagara
		42	Gulbarga
		43	Mangalore
		44	Bengalore
		45	Tumkur
6	Gujarat at GANDHINAGAR	46	Ahmedabad
		47	Bharuch
		48	Bhavnagar
		49	Godhra
		50	Rajkot
		51	Somnath
		52	Surat (Expressway)
		53	Palampur
7	Haryana & Punjab at CHANDIGARH	54	Ambala
		55	Chandigarh
		56	Hisar
		57	Sonepat
		58	Amritsar
		59	Bathinda
		60	Jalandhar
		61	Ludhiana
		62	Ludhiana (Exp.)
		63	Rohtak
8	Himachal Pradesh at SHIMLA	64	Shimla
		65	Mandi
		66	Palampur
		67	Hamirpur
9	J&K at JAMMU	68	Jammu
		69	Ramban
		70	Srinagar
10	Jharkhand at RANCHI	71	Ranchi
		72	Dhanbad
		73	Hazaribagh
		74	Sahibaganj
		75	Daltonjanj
		76	Jamshedpur
		77	Deoghar

Sl. No.	Name of Regional Office	Name of PIUs/CMUs	
11	Kerala at THIRUVANTHAPURAM	78	Thiruvananthapuram
		79	Cochin
		80	Palakkad
		81	Kozhikode
12	Maharashtra & Goa at MUMBAI	82	Pune
		83	Solapur
		84	Nashik
		85	Kolhapur
		86	Thane
		87	Ahmednagar
		88	Panvel
		89	Pandharpur
13	N.E. at GUWAHATI	90	Bongaigaon
		91	Guwahati
		92	Halflong
		93	Myanmar
14	Odisha at BHUBANESWAR	94	Balasore
		95	Berhampur
		96	Bhubaneswar
		97	Dhenkanal
		98	Keonjhar
		99	Rourkela
		100	Sambalpur
15	Rajasthan at JAIPUR	101	Ajmer
		102	Barmer
		103	Bikaner
		104	Chittorgarh
		105	Dausa
		106	Hanumangarh
		107	Jaipur
		108	Jaisalmer
		109	Jodhpur
		110	Kota
		111	Sawai Madhopur
		112	Udaipur
		113	Sikar

Sl. No.	Name of Regional Office	Name of PIUs/CMUs	
16	Tamil Nadu at CHENNNAI	114	Chennai
		115	Kancheepuram
		116	Coimbatore
		117	Krishnagiri
		118	Salem
		119	Viluppuram
		120	Puducherry
17	Tamil Nadu at MADURAI	121	Madurai
		122	Trichy
		123	Dindigul
		124	Karaikudi
		125	Thanjavur
		126	Nagarcoil
		127	Tuticorin
18	RO Western UP at LUCKNOW	128	Agra
		129	Aligarh
		130	Bareilly
		131	Baghpat
		132	Kanpur
		133	Kannauj
		134	Meerut
		135	Moradabad
19	RO Eastern UP at VARANASI	136	Varanasi
		137	Mirzapur
		138	Prayagraj
		139	Raebareilly
		140	Lucknow
		141	Gorakhpur
		142	Azamgarh
20	Uttarakhand at DEHRADUN	143	Dehradun
		144	Rudrapur
		145	Nazibabad
		146	Roorkee
		147	Vasant Vihar
21	West Bengal at KOLKATA	148	Kharagpur
		149	Durgapur
		150	Kolkata
		151	Malda
		152	Krishnagar
		153	Jalpaiguri

Sl. No.	Name of Regional Office	Name of PIUs/CMUs	
22	Maharashtra 2nd RO at NAGPUR	154	Amravati
		155	Aurangabad
		156	Chandrapur
		157	Dhule
		158	Jalgaon
		159	Nagpur 1
		160	Nagpur 2
		161	Nanded
		162	Washim
		163	Yavatmal
23	Chattisgarh at RAIPUR	164	Raipur
		165	Bilaspur
		166	Korba
		167	Dhamtari
24	Delhi & NCR at RO DELHI	168	Ghaziabad
		169	Dwarka, Delhi
		170	Rewari
		171	Sohna
		172	Bhiwani
		173	Gurgaon
		174	Mathura
25	RO EPE at DELHI	175	Eastern Peripheral Expressway (EPE)-I, Pitampura, Delhi
		176	Eastern Peripheral Expressway (EPE)-II, Greater Noida (NCR)

लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

गोपनीय

संख्या / No.

भारतीय लेखापरीक्षा और लेखा विभाग,
कार्यालय, महानिदेशक लेखापरीक्षा (इन्फ्रास्ट्रक्चर), दिल्ली
INDIAN AUDIT & ACCOUNTS DEPARTMENT,
OFFICE OF THE DIRECTOR GENERAL OF AUDIT
(INFRASTRUCTURE), DELHI

दिनांक / Dated 23/6/2022

सेवा में,

सचिव, भारत सरकार,
सड़क परिवहन और राजमार्ग मंत्रालय,
परिवहन भवन, संसद मार्ग,
नई दिल्ली-110001

CGM(F) BMR
GM(SK)
AM(F)-SMS

विषय- भारतीय राष्ट्रीय राजमार्ग प्राधिकरण (NHAI) के वर्ष 2020-21 के वार्षिक लेखाओं पर भारत के नियंत्रक एवं महालेखापरीक्षक की लेखा परीक्षा प्रतिवेदन।

महोदय,

मैं इस पत्र के साथ भारतीय राष्ट्रीय राजमार्ग प्राधिकरण (NHAI) के वर्ष 2020-21 के वार्षिक लेखों की प्रति तथा उन पर लेखा परीक्षा प्रतिवेदन संसद के पटल पर रखने के लिए अग्रेषित कर रहा हूँ। कृपया यह सुनिश्चित किया जाए कि लेखा परीक्षा प्रतिवेदन को संसद के दोनो सदनो के समक्ष प्रस्तुत करने से पहले भारतीय राष्ट्रीय राजमार्ग प्राधिकरण की शासी निकाय/ सदस्यों के बोर्ड को नियमानुसार अवश्य प्रस्तुत करने की व्यवस्था की जाए।

इसके अतिरिक्त, संसद में प्रस्तुत कर अग्रेषण पत्र की प्रति उस तिथि को दर्शाते हुए, जब वे संसद में प्रस्तुत किए गए थे, इस कार्यालय को तथा भारत के नियंत्रक एवं महालेखापरीक्षक के कार्यालय में भेजने की व्यवस्था की जाए।

भवदीय,
हस्ता.
(दीपक कपूर)
महानिदेशक

संख्या:- PDA(Infra)IHQ-IX/AACNHAI/3-25/21-22/112 दिनांक:- 23/6.2022
प्रतिलिपि:-

1. अध्यक्ष, भारतीय राष्ट्रीय राजमार्ग प्राधिकरण को वर्ष 2020-21 के वार्षिक लेखाओं पर लेखा परीक्षा प्रतिवेदन की प्रति सूचनार्थ एवं आवश्यक कार्यवाही हेतू प्रेषित है।

दीपक
(दीपक कपूर)
महानिदेशक

तृतीय तल, ए-स्कन्ध, इन्द्रप्रस्थ भवन, इन्द्रप्रस्थ एस्टेट, नई दिल्ली-110002
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19 Annexure 2

AUDIT REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA ON THE ACCOUNTS OF NATIONAL HIGHWAYS AUTHORITY OF INDIA FOR THE YEAR ENDED 31 MARCH 2021

We have audited the attached Balance Sheet of the National Highways Authority of India (NHAI) as at 31 March 2021 and the Profit and Loss Account for the year ended on that date under section 23 of the National Highways Authority of India Act, 1988 (NHAI Act, 1988) and Rule 6(5) of National Highways Authority of India (Budget, Accounts, Audit, Investment of Funds and Powers to Enter Premises) Rules 1990 as amended from time to time. These financial statements include the accounts of 210 units {the accounts of NHAI Headquarters, 27 Regional Offices and 182 Project Implementation Units (PIUs)}. Preparation of these financial statements is the responsibility of the Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall presentation of financial statements. We believe that our audit provides a reasonable basis for our opinion.

Based on our audit, we report that:

I. We have obtained all the information and explanations, subject to Annexure-II, which to the best of our knowledge and belief were necessary for the purposes of audit.

II. The Balance Sheet and Profit and Loss Account dealt with by this report have not been drawn up in the format approved by the Government of India under Section 23 of NHAI Act, 1988 and Rule 6(1)(b) of NHAI Rules 1990, as amended from time to time.

III. Proper books of accounts and other relevant records have not been maintained by the Authority, in so far as it appears from our examination of such books as enumerated below:

(a) As per Section 23 of the NHAI Act, 1988, the format of accounts of NHAI has been duly prescribed by the Government of India (GoI) in consultation with the Comptroller and Auditor General of India (C&AG). However, the following deviations were noticed in the accounts prepared when compared to the approved format of accounts:

(i) Assets held on behalf of GoI (completed & ongoing projects) amounting to Rs. 5,70,709.31 crore are being shown as Fixed assets of NHAI, is not in consonance with the approved format of accounts and Generally Accepted Accounting Principles (GAAP) although ownership of these national highway projects lies with GoI and not with the NHAI and the same were entrusted to NHAI by GoI, for development & maintenance purposes only. The Solicitor General of India in his opinion of January 2015 reiterated the fact that NHAI is an executing agency of the GoI and ownership of the national highways vests with GoI. The accounting treatment and disclosure given by NHAI, in its Financial Statements, to national highways and related projects is also in deviation

to the opinion given by the Expert Advisory Committee (EAC) of the Institute of Chartered Accountants of India(ICAI) which opined that if the NHAI was acting only as an executing agency on behalf of GoI and did not exercise any control over the roads/ highways and/or future economic benefits out of such resources did not accrue to the NHAI, then, National Highways were not NHAI's Assets. Accordingly, recognizing these as its assets and recognizing them as Capital work in progress {now shown as Assets held on behalf of GoI (completed and ongoing projects)} in NHAI's Balance Sheet was not correct.

Audit also noticed that another PSU, i.e. National Highways and Infrastructure Development Corporation Limited (NHIDCL) incorporated by Ministry of Road Transport & Highways (MoRTH) for development and maintenance of national highways on behalf of GoI as executing agency, used to maintain its accounts on line similar to NHAI. However, after getting MoRTH directions in July 2019 in regard to transfer of completed assets by NHIDCL to GoI as per modalities decided, NHIDCL in their Balance Sheet as at 31 March 2019 onwards had netted off Assets held on behalf of GoI against the Funds received for the same.

Thus, Fixed Assets of NHAI are overstated to the extent of Assets held on behalf of GoI (completed & ongoing projects) amounting to Rs. 5,70,709.31 crore recognized as NHAI's Fixed Assets.

This issue was raised in earlier year(s) also by Audit; however, no corrective action has been taken by the management.

(ii) The approved format provides that the Profit/Loss in the Profit and Loss Account is to be carried to the Balance Sheet under Reserves and Surplus. As against this, NHAI instead of arriving at Profit/Loss in the prescribed manner, computed the 'Net Establishment Expenditure' which was in actual the loss for the year and transferred the same to Assets held on behalf of GoI (completed and ongoing projects) under Fixed Assets.

It was further observed that the Profit and Loss Account was being prepared in contravention to Generally Accepted Accounting Principles (GAAP) also which states that the expenditure of revenue nature cannot be booked to completed projects and instead should be routed through Profit and Loss Account, however, NHAI capitalised the entire amount of Rs. 497.90 crore with respect to Net Establishment Expenses for the year.

This issue was raised in earlier year(s) also by Audit; however, no corrective action has been taken by the management.

(b) The borrowing cost on completed projects, in contravention to GAAP is not being routed through Profit & Loss Account. Borrowing costs amounting to Rs. 20,025.30 crore have been adjusted, during 2020-21, from Assets held on behalf of GoI (completed & ongoing projects) without differentiating between completed and ongoing projects. As NHAI is not maintaining project-wise details, Audit could not verify the correctness of Borrowing Costs amounting to Rs. 20,025.30 crore allocated to Assets held on behalf of GoI (completed & ongoing projects) during 2020-21 and the total Borrowing Costs amounting to Rs.68,948.63 crore allocated to completed and ongoing projects till date.

This issue was raised in earlier year(s) also by Audit; however, no corrective action has been taken by the management.

IV We further report that:

(A) Balance Sheet

(1) Sources of Funds

(1.1) Shareholders' Fund

Capital (Schedule 1): Rs. 2,61,113.53 crore

(i) As per the approved Format of Accounts, the Grants-in-Aid received for maintenance of highways and expenditure incurred thereon should be accounted for in Profit and Loss Account. However, NHAI deviated from this and has adjusted the maintenance grant and expenditure incurred on maintenance of highways against Capital Account (Plough back of Toll Remittance, etc.). During the year, NHAI incurred total expenditure of Rs.3,757.76 crore on maintenance of highways (Rs.1,780.78 crore) and toll collection activities (Rs. 1,976.98 crore). Against this, during the year 2020-21, MoRTH released a grant of Rs.400 crore for maintenance of highways. After adjusting Rs.37.42 crore of 'Other Receipts from Operation & Maintenance (O & M) of Highways', balance amount of Rs.3,320.34 crore, has been set off against the Shareholder's Fund. This has resulted in understatement of Loss for the year and Shareholder's Fund/Capital by Rs.3,320.34 crore.

This issue was raised in earlier year(s) also by Audit; however, no corrective action has been taken by the management.

(1.2) Borrowings (Schedule 4): Rs. 3,07,162.61 crore

(i) As per Rule 9 (Reserve Fund) of NHAI Rules, 1990 for every loan raised by NHAI not being a loan repayable before expiration of one year from the date of the loan, the Authority shall set apart a sum half yearly out of its income in the Reserve Fund, sufficient to liquidate the loan within a period which shall not in any case exceed thirty years. NHAI might apply the whole or any part of the sums accumulated in the Reserve Fund in or towards the discharge of the loan liabilities for repayment for which the fund was established. Provided that Authority paid into the Fund each year and accumulated until the whole of the money borrowed was discharged, a sum equivalent to the interest which would have been produced by the Reserve Fund or part of the Reserve Fund so applied.

As on 31 March 2021, an amount of Rs. 3,07,162.61 crore was payable by NHAI, to bond holders of Capital Gain Tax Free Bonds-54EC, Tax free Secured Redeemable Non-Convertible Bonds, Taxable Bonds, Rupee Denominated Offshore (Masala) Bonds, Loan from Asian Development Bank, State Bank of India, Punjab National Bank and National Small Savings Fund. In compliance to Rule 9 (Reserve Fund) of NHAI Rules, 1990, no Reserve Fund has been created by NHAI to liquidate its long-term borrowings within thirty years.

This issue was raised in earlier year(s) also by Audit; however, no corrective action has been taken by the management.

(ii) A reference is invited to the Format of Accounts prescribed by GoI in consultation with C&AG of India whereby the Borrowings were classified under Secured Loans and

Unsecured Loans on the face of the Balance Sheet. However, in the Balance Sheet of NHAI approved by the Board for the period ending 31 March 2021, the borrowings have not been classified into Secured and Unsecured Loans. Thus, Borrowings are not shown as per the approved Format of Accounts.

(2) Application of Funds:

(2.1) Fixed Assets:

Assets held on behalf of GoI (Schedule 5), Rs.5,70,821.06 crore

(i) The above head includes an amount of Rs.136.60 crore being the cost incurred on construction of second office building for NHAI at Dwarka, Delhi. The construction of building was completed on 30 September 2020 and put to use. Since this is asset of NHAI and not part of CWIP-ongoing project (road and bridge), it should have been capitalized as Building of NHAI. Further depreciation for the year 2020-21 (from the date of put to use to 31 March 2021) should also have been provided for in the books of accounts. However, the same has not been done. This has resulted in overstatement of Assets held on behalf of GoI by Rs.136.60 crore, understatement of Fixed Assets (Net Block) by Rs.129.77 crore and understatement of Loss by Rs 6.83 crore.

(ii) Capital reserves are created out of capital profits and are a part of the Reserve and Surplus. However, an amount of Rs.3469.89 crore being the Capital Reserve was transferred and adjusted/subtracted in the Schedule-5 "Fixed assets and assets held on behalf of Government of India". This has resulted in understatement of 'Reserves and Surplus' and 'Fixed assets and assets held on behalf of GoI' by Rs.3469.89 crore.

(iii) As per Rule 230(8) of General Financial Rules (GFR) 2017 "All interests or other earnings against Grants in aid or advances (other than reimbursement) released to any Grantee institution should be mandatorily remitted to the Consolidated Fund of India (CFI) immediately after finalisation of the accounts. Such advances should not be allowed to be adjusted against future releases."

NHAI earned interest on unutilized capital of Rs. 1976.38 crore during the financial year 2020-21. However, interest earned on Grants in aid or advances (other than reimbursement) released to NHAI, has not been remitted to CFI which was in contravention of GFR 2017. This has resulted in understatement of Current liability (Payable to GoI Consolidated Fund of India) and understatement in Fixed Assets to the extent of interest earned on grant received during the year. Further, interest earned on Grant received during 2017-18 to 2019-20 has also not been reconciled and deposited in CFI. In this context, a reference is also invited to NHAI accounting policy no.3 which stipulates that "Interest earned on the unutilized grant is credited to interest on unutilized capital." This accounting policy is deficient and is in contravention and violation of provisions of GFR.

(2.2) Current Assets, Loans and Advance (Schedule 7): Rs. 51,863.43 crore

(i) The above includes Rs. 11,207.86 crore being the amount recoverable from MoRTH on account of payment made by NHAI to various State Governments Agencies, as per directions of MoRTH, for development of various National Highways Projects, under NHDP-III, NHDP-IV and NH (O) (VGF) Schemes of MoRTH. MoRTH categorically denied (June 2018) to make good these recoverable and clarified that no separate funds would be released to NHAI for such recoverable and the same has to be met by

NHAI from its overall resources. Still these recoverable are appearing in books of NHAI in spite of no assurances received from MoRTH. This has resulted in overstatement of Current Assets, Loans and Advance by Rs. 11,207.86 crore. This issue was raised in earlier year(s) also by Audit, however, no corrective action has been taken by the management.

(ii) The above includes an amount of Rs.312.40 crore disbursed as loan by NHAI to three of its subsidiaries viz. Ahmedabad-Vadodara Expressway Company Limited (AVEXCL), Moradabad Toll Road Company Limited (MTRCL) and Cochin Port Road Company Limited (CPRCL). In view of NHAI Board's in-principle approval, during 2018-19 to wind up these subsidiaries, and provision being already made for diminution in value of entire investment of Rs.403.11 crore in these three subsidiaries by NHAI, the loan of Rs.312.40 crore should also have been provided for in the books of NHAI. This has resulted in overstatement of Current Assets, Loans and Advance and understatement of Loss by Rs.312.40 crore.

This issue was raised earlier also by Audit, however, no corrective action has been taken by the Management.

(2.3) Current Liabilities and Provisions

Liabilities (Schedule 8): Rs.42,285.08 crore

(i) The above does not include Rs. 40.54 crore due to non-creation of liabilities on account of various services viz. Traffic Survey, Wayside Amenities, Road User Helpline, Citizen Centric App-You Report, Time and Motion Study rendered by Indian Highways Management Company Limited (IHMCL) to NHAI up to 31 March 2021 and payable to IHMCL. This has resulted in understatement of Current Liabilities and Provisions and Expenditure of Toll Collection Activities by Rs.40.54 crore.

(ii) An agreement was entered (20 November 2017) into between Ministry of External Affairs (MEA) and NHAI for Project Management & Consultancy (PMC) services for construction/upgradation of the Kalewa Yargi Road section, a trilateral highway in Myanmar. As per terms of the agreement, up to March 2021, MEA has released Rs. 401.25 crore to NHAI in five instalments. NHAI released Rs. 360.54 crore for the project up to March 2021. The contractor of the projects has submitted 15 Stage payment statements with a cumulative amount of Rs. 353.42 crore. However, NHAI has not adjusted Rs 353.42 crore being the amount spent on the project from the amount received of Rs 401.25 crore. This has resulted in overstatement of Current Liabilities and Provisions by Rs.353.42 crore and overstatement of Current Assets, Loans & Advances to the same extent.

(iii) An agreement was entered (20 November 2017) into between MEA and NHAI for PMC services for construction/upgradation of the Kalewa-Yargi Road section, a trilateral highway in Myanmar. As per agreement, remuneration of the NHAI was 6 per cent of the estimated cost or tendered cost, whichever is lower. NHAI was to receive 1 per cent of the estimated cost or tendered cost whichever is lower at the time of award of work and signing of the contract with contractor. Apart from this, 1 per cent of estimated cost or tendered cost whichever is lower was to be received on fixing of the appointed date. Rest 4 per cent will be receivable based on progress. The contractor has started the construction work and submitted 15 Stage payment statements cumulating to Rs

353.42 crore. Although the work has been started and Rs. 360.54 crore has been paid to contractor, NHAI did not account for the remuneration in the books of accounts as per the agreement. This has resulted in understatement of income, overstatement of Loss and overstatement of Current Liabilities and Provisions (Payable on Kalewa-Yargi Project at Myanmar) by Rs. 37.67 crore.

(2.4) Provision (Schedule-9) Rs. 87.13 crore

(i) The above head does not include the provision for diminution in the value of investment of the various subsidiary companies of NHAI. NHAI Board in its 128th meeting (16 August 2018) has given in principle approval for winding up of Calcutta Haldia Port Road Company Limited, Chennai Ennore Port Road Company Limited, Tuticorin Port Road Company Limited, Paradeep Port Road Company Limited and New Mangalore Port Road Company Limited for which provision for reduction in the value of capital/ investment has not been made in the books of accounts. Thus, suitable provisions on the investments needs to be made by NHAI.

(ii) The above head does not include provision for diminution in the value of investment for Rs.403.11 crore in respect of Ahmedabad Vadodara Expressway Company Limited, Moradabad Toll Road Company Limited and National Highways Logistic Management Limited (formerly CPRCL). As against the approved format of accounts, instead of showing the provision separately under the head 'Current Liabilities and Provision', the same was adjusted against the investment during 2016-17. Further, in contravention of General Accepted Accounting Principles, instead of creating the provision from P&L Account the same was created out of Capital Account in that year.

This has resulted into understatement of Investment, understatement of 'Current Liabilities and Provisions', understatement of Loss and understatement of Capital Account by Rs.403.11 crore.

(iii) Following head of accounts understated by Rs.1198.83 crore due to non/short provisioning of liabilities towards:

(Rs. in crore)

A	Compensation payable for acquisition of land despite issue of 3D Notification / 3G award by CALA award.	622.34
B	Amount payable to GoI in respect of short remittance of toll/interest thereon by contractor/concessionaire	29.25
C	Amount payable to Contractor/Concessionaire in respect of Construction work done	330.55
D	Amounts payable to the Contractor / Concessionaire / utility department for utility shifting	68.84
E	Amounts payable to the Contractor / Concessionaire for maintenance of work done	9.62
F	Amounts payable to the Contractor / Concessionaire on account of Bonus / Annuity payment.	104.3
G	Amounts payable to consultants for supervision work and DPR preparation	9.03
H	Other Liabilities	24.9
	Total	**1198.83**

This has resulted in understatement of Assets held on behalf of GoI by Rs.1111.34 crore, Recoverable from Contractors/Concessionaires by Rs.77.87 crore, and Expenditure on Maintenance of Highways by Rs.9.62 crore,

(B) Profit and Loss Account:

1. Income

Other Income (Schedule 11) - Rs 27.81 crore

(i) The above head does not include an amount of Rs 1136.06 crore being the agency charges for 2020-21 which was not accounted for in the books of accounts. Agency charges were introduced in NHAI as per the practice followed by State Public Works Department under 'Agency System' who were executing the National Highway Projects prior to coming into existence of NHAI. NHAI is the implementing agency of GoI and no bills or invoices have been raised on GoI for agency charges. Non accounting of agency charges in the books of account has resulted in understatement of Income, overstatement of Loss and understatement of Current Assets, Loans and Advances by Rs 1136.06 crore for the current year by the same amount.

Audit also noticed that NHIDCL, incorporated by MoRTH for development and maintenance of national highways on behalf of GoI as executing agency, recognizes agency charges as its income as per the defined rate on the expenditure incurred.

2. Prior Period Items (net) (Schedule 17) – Rs. (30.64) crore

The above head does not include an amount of Rs 3741.57 crore being the agency charges for which invoices are not raised by NHAI on MoRTH and not accounted for in the books of accounts for the period prior to 31 March 2020. This has resulted in understatement of above head, overstatement of accumulated losses and understatement of Current Assets, Loans and Advances by Rs 3741.57 crore.

Audit also noticed that NHIDCL, incorporated by MoRTH for development and maintenance of national highways on behalf of GoI as executing agency, recognizes agency charges as its income as per the defined rate on the expenditure incurred.

(C) Notes on Accounts (Schedule 19)

(i) Contingent Liability is understated by Rs 1705.10 crore on account of claims of land compensation and claims relating to various projects. Thus, Note No. 26 pertaining to disclosure of Contingent Liability is deficient to that extent.

(ii) As per para 66 of the AS 29, for each class of provision, an enterprise should disclose:

a) The carrying amount at the beginning and end of the period.

b) Additional provisions made in the period, including increases to existing provisions.

c) Amounts used (i.e., incurred and charged against the provision) during the period; and

d) Unused amounts reversed during the period.

As per Schedule-9, NHAI has made provision for taxes, gratuity, leave salary and other provisions, however no such disclosure in line with the requirement of AS-29 has been made in the Notes forming part of the Financial Statements.

(iii) Accounting Standard-18 stipulates that if there have been transactions between related parties, during the existence of a related party relationship, the reporting enterprise should disclose certain information i.e.(a) the name of the transacting related party, (b) a description of the relationship between the parties, (c) a description of the nature of transactions, (d) volume of the transactions either as an amount or as an appropriate proportion, (e) any other elements of the related party transactions necessary for an understanding of the financial statements, (f) the amounts or appropriate proportions of outstanding items pertaining to related parties at Balance Sheet date and provisions for doubtful debts due from such parties at that date; and (g) Amounts written off or written back in the period in respect of debts due from or to related parties.

No such disclosure has been made in the Notes forming part of Accounts by NHAI.

It was observed that National Highways Infra Project Private Limited (NHIPPL), wholly owned subsidiary of NHAI, entered into five concession agreements with NHAI to operate, maintain and transfer the five toll road projects under Toll Operate and Transfer (TOT) mode on 30 March 2021. As per the agreement, NHIPPL will pay one-time lump sum payment of Rs. 7350.40 crores to NHAI, and in return NHIPPL will get toll collection rights for the five toll road projects from NHAI. Further, during the financial year 2020-21, NHAI has invested Rs.11 crore in National Highways Infra Investment Managers Private Limited (NHIIMPL) and Rupees one crore in National Highways InvIT Project Managers Private Limited (NHIPMPL).

However, these disclosures have not been given in notes to accounts for better understanding and appreciation of the users of the financial statements.

(iv) According to GAAP, all significant event which has a bearing on the financial statements should be disclosed in the notes forming part of the accounts. During the financial year 2020-21, NHAI suffered an estimated loss of toll revenue of Rs. 3512.62 crore and Rs 814.13 crore due to COVID-19 pandemic and farmer agitation respectively. Total estimated loss of toll revenue was Rs. 4326.75 crore. However, this disclosure has not been given in the notes to accounts.

(v) Capital commitments: Estimated value of work remaining to be executed.

The above does not include an amount of Rs.1236.46 crore in respect of construction cost of (i) two packages (works) of six laning of Chinna Avutupalli to Gollapudi (30.00 kms) and (ii) three laning of west side Benz Circle Flyover-EPC Mode (16.00 kms). In case of another two projects i.e. (i) construction of 6 laning of existing 4-lane road from Kalaparru to Chinaavutupalli of NH 16 including 6-lane Hanuman Junction Bypass and (ii) Construction of six laning of existing 4-lane road from Kalaparru to Gundugolanu of NH-5 in the state of Andhra Pradesh, an amount of Rs.629.38 crore being the value of remaining work to be executed has also not been included. This has resulted in non-disclosure of capital commitments of Rs.1865.84 crore.

(vi) Assets held on behalf of GoI includes an amount of Rs. 696 crore being the ongoing projects which have already been transferred to out-side agencies. However, this disclosure has not been given in notes to accounts for better understanding and appreciation of the users of the financial statements.

(vii) Current Assets, Loans and Advances includes Rs 1966.43 crore being the amount of advance paid to BOT contractors under the scheme of One Time Fund Infusion. The rationale, objective and modalities of scheme of fund infusion has not been disclosed

in the Notes forming part of the Accounts so that the user of Financial Statements understand the ramification and implication of such scheme.

(D) Cash Flow Statement

Cash Flow From Financing Activities

The following cash flows received from the MoRTH: -

Srl	Head	Rs. in crore
1.	Maintenance of Highways	400
2.	Plough back of toll remittances	11500
3.	Plough back of TOT	7262
	Total	**19162**

The expenditure on maintenance of highways (Rs.1780.78 crore) and toll collection activities (Rs.1976.98 crore) were adjusted against the above cash inflows of Rs.19162 crore which should have been shown separately under cash flow from financing activities in Cash Flow Statement.

(E) General

(i) On test check basis, up to 31 March 2021, in respect of 12 Project Implementation Units (PIUs) against acquisition of 14006.9738 hectares of land for implementing the Roads and Bridges Projects on behalf of GoI, 7349.9628 hectares of land (i.e., 52.48 per cent) was mutated in the name of GoI/NHAI. These facts along with the data of land acquisition and mutation thereof in favour of NHAI have not been disclosed in the Notes to Financial Statement.

(ii) Capital-net off Toll collection, Negative Grant etc., up to 31 March 2010, amounting to Rs.6,183.56 crore has been transferred to NHAI's Capital Account without obtaining any approval of the Ministry of Finance (MoF) for the same. Suitable disclosure of the above facts needs to be made in Notes to financial statements.

This issue was raised in earlier year(s) also by Audit, however, no corrective action has been taken by the management.

(iii) Commitments made by NHAI in prospectus issued for Tax Free Secured Redeemable Non-Convertible Bonds of Rs.10,000 crore (2011-12), Tax Free Secured Redeemable Non-Convertible Bonds of Rs.5,000 crore (2013-14), Tax Free Secured Redeemable Non-Convertible Bonds of Rs.19,000 crore (2015-16), Taxable Bonds (2018-19), Taxable Bonds (2019-20) and Taxable Bonds (2020-21) were as follows:

a. All monies received out of each tranche issue of the bonds to the public shall be transferred to a separate bank account.

b. Details of all monies utilized out of each tranche issue shall be disclosed under an appropriate separate head in the Balance Sheet indicating the purpose for which such monies were utilised;

c. Details of all unutilized monies out of each tranche issue shall be disclosed under an appropriate separate head in the Balance Sheet indicating the form in which such unutilised monies have been invested.

However, the above commitments were not adhered to and NHAI has only given a general disclosure vide Note No. 9 (f) of Notes to Accounts wherein it is mentioned

that 'All receipts of NHAI viz. Funds received from the Ministry, Market borrowings through issue of NHAI Tax free Bonds, Taxable Bonds, NHAI Capital Gains Tax Exemption Bonds under Section 54-EC, interest on surplus funds etc. are credited in the National Highways Authority of India Fund and all expenditure is met out of this Fund as per the provisions of Article 18 of NHAI Act, 1988. As such, no separate Account is maintained for utilization of NHAI Bond proceeds. This disclosure is also factually incorrect as NHAI is not maintaining any National Highways Authority of India Fund.

This issue was raised in earlier year(s) also by Audit, however, no corrective action has been taken by the management.

(iv) A reference is invited to Note No. 24 pertaining to "Finalization of Accounts in Current Format" wherein it is stated that "The format of accounts has been approved by C&AG vide letter dated 22 June 1992. NHAI, since inception, is using this format. In the subsequent years some requirement based on minor changes have been made in the format of accounts, mainly to satisfy audit observations or to accommodate changes in accounting policies". The above note is deficient to the extent that the format being used by NHAI is not in conformity with the approved format. Further, till 2017-18, a disclosure was being given in the note that based on audit observations, amendment to the Format of NHAI Accounts was pending. However, this disclosure has also been deleted without there being any changes in format of accounts.

This issue was raised in earlier year(s) also by Audit, however, no corrective action has been taken by the management.

(v) In the note No.26(c) to the notes to accounts, instead of showing the total value of the EPC and Consultancy as Rs.86092.43 crore and Rs.2118.82 crore, these were shown as Rs.86092.43 and Rs.2118.82.

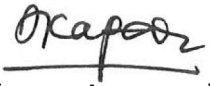
V. Subject to our observations in the preceding paragraphs, we report that the Balance Sheet and Profit and Loss account dealt with by this report are in agreement with the books of accounts.

VI. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the Accounting Policies and Notes on Accounts, and subject to the significant matter stated above and other matters mentioned in Annexure I and II to this Audit Report give a true and fair view in conformity with accounting principles generally accepted in India:

a) In so far as it relates to the Balance Sheet, of the state of affairs of the Authority as at 31 March 2021; and

b) In so far as it relates to the Profit and Loss Account, of the Net Establishment Expenses for the year ended on 31 March 2021.

For and on behalf of the
Comptroller and Auditor General of India



(Deepak Kapoor)
Director General of Audit (Infrastructure)
New Delhi

Place: New Delhi
Dated: 23.06.2022

Annexure I

(To the Audit Report on the Accounts of National Highways Authority of India for the year 2020-21)

(1) Internal Audit System

For the purpose of evaluation of internal audit system, a questionnaire was issued to management for their response. Based on the same, the following observations were noticed in audit:

(i) Internal Audit System of NHAI needs to be strengthened further to commensurate with the size of the organization.

(ii) There is no Internal Audit Plan (IAP) based on risk analysis and assessment for the audit of PIUs, ROs and Headquarter office.

(iii) Internal audit division is part of the finance and accounts department and not a separate one. So, there is lack of independence of internal audit division.

(iv) The head of the Internal Audit Department reports directly to the Member (Finance) and not to the Chairman of NHAI or Chairman Audit Committee.

(v) There is no sanctioned strength of the Internal Audit division.

(vi) The Term of Reference/scope of audit for internal audit does not include the audit of technical aspects of road construction.

(vii) There is no time limit fixed to issue the observations/ para's/ report to the concerned division by the internal audit department/external audit firms.

(viii) No follow up action has been initiated by the concerned divisions on the audit observations issued during 2020-21.

(ix) Internal Audit reports submitted by external audit firms has not been commented on weak monitoring, poor implementation, failure to follow the approved procedures, violation of rules and regulations.

(x) The financial statements prepared by Finance and Accounts department of NHAI were not examined by the internal audit department.

(xi) No IT audit or system audit of the Application software AFMS has been conducted by NHAI.

(2) Internal Control System

(i) NHAI PIU-Bathinda released payment of Rs. 1.83 crore to M/s Bathinda State Forest Development Corporation Limited on 26 June 2020. The same has been booked under CWIP Tree Cutting and Afforestation. On 31 March 2021, a rectification entry was passed and the payment was booked as expenditure under and credited in HO. Due to this, Liability for civil works (Road & Bridges) is showing negative balance of Rs. 1.83 crore on 31 March 2021. This has resulted in overstatement of HO and understatement in Liability for civil works (Road & Bridges) by Rs. 1.83 crore. Audit also noticed that there was difference of Rs. 1.83 crore between the Trial Balance submitted to NHAI HO and Trial Balance extracted from AFMS. The accounting entry was made twice in the books of accounts.

(ii) As per the Trial Balance of NHAI-PIU, Kozhikode for the year ending 31 March 2021, the total closing balance of three IndusInd Bank accounts and two Kotak Bank accounts amounted to Rs.30.79 crore and Rs.203.37 crore respectively. Though the closing balances of these bank accounts as per confirmation received from these banks was zero, NHAI-PIU, Kozhikode has not reconciled these bank accounts.

(iii) In the books of accounts of NHAI, following amounts are lying un-reconciled for long period as detailed below:

(Rs. in crore)

S. No.	Details/Heads of account	Amount	Period
(i)	Advance given against deposit work	1070.93	2003 to 2020
(ii)	Advances given for maintenance of highway	382.40	2003 to 2020
(iii)	Claims recoverable	8656.79	2003 to 2020

(iv) For the purpose of evaluation of internal control system comprising of internal checks, a questionnaire was issued to management for their response. Based on the same the following observations were noticed in audit:

a. NHAI does not have an accounting manual for preparation and presentation of financial statements.

b. NHAI has not formulated and implemented a Risk Management Policy (RMP).

c. NHAI has not formulated a hedging policy to mitigate and minimize the foreign exchange losses.

d. NHAI does not have a code of conduct for all Board members and senior management.

e. NHAI does not have an approved fraud detection and prevention procedures and policies.

f. The ERP system has not been implemented completely in NHAI. As apprised by management ERP is partly implemented in respect of some administration and HR related modules only and rest of the modules are yet to be utilized and implemented.

(v) National Highways Fee (Determination of Rates and Collection) Rules 2008, as amended in January 2011 stipulated that after recovery of the capital cost of the public funded projects through user fee, the fee leviable would be reduced to 40 per cent of the user fee. MoRTH issued (24 January 2013) guidelines on the method of working out of capital cost. As per guidelines, NHAI was required to prepare project-wise Balance Sheet and Cash Flow Statement from April 2013 onwards. However, NHAI in non-compliance to MoRTH guidelines failed to prepare project-wise Balance Sheet and Cash Flow Statement, making computation of capital cost and resultant reduction of user fee to 40 per cent not possible.

This issue was raised in earlier year(s) also by Audit; however, no corrective action has been taken by the management.

(vi) NHAI has Rs 39,319.39 crore being the amount deposits, loan and advances given by NHAI. It was apprised by the management that confirmation letters were issued to Indian Highways Management Company Limited (IHMCL) (Rs 3.41 crore) and Delhi

Mumbai Expressway (DME) (Rs 137.68 crore) only. However, management failed to furnish any 'Confirmation of Balance' letters to audit regarding its Claims Recoverable, Recoverable from other Subsidiary Companies, Recoverable on account of Expenditure on Eastern Peripheral Expressways, Recoverable from MoRTH and other Recoverable and same is the position regarding payables also. This issue was raised in earlier year(s) also by Audit; however, no corrective action has been taken by the management.

(3) System of physical verification of fixed assets

System of physical verification of fixed assets in NHAI needs to be strengthened further so as to commensurate with the size of the organization. Only Physical verification report (PVR) of IT Assets was provided to audit whereas PVR of other tangible assets has not been furnished. During review of the above mentioned PVR, audit observed the following discrepancies: -

- The Physical Verification was done by the outside agencies and no representative of Finance, Administration and IT Division was appointed in the three members committee.
- In most of the report, computations of quantity column, rate column and amount column were not mentioned.
- The last physical verification of IT assets was conducted in 2019-20 only.

(4) System of physical verification of Inventory

There is no inventory in the books of accounts of NHAI.

(5) Regularity in payment of Statutory Dues

During the period ending 31 March 2021, as reported by the management there was no instance of delay in deposit of Statutory Dues.

Annexure II

(To the Audit Report on the Accounts of National Highways Authority of India for the year 2020-21)

Sl. No	Particular of information/ records requisitioned by Audit but not furnished by the NHAI	Requisition No & Date	Reminder Date
1	• A copy of the approved accounting manual of NHAI for preparation and presentation of annual accounts. • Files containing Physical Verification Report (PVR) of Fixed Assets for the year 2020-21 in respect of NHAI Headquarters. • Statement showing the list of Legal and Arbitration cases as on 31.03.2021 along with the brief description and status of the case. • Statement showing the list of contingent liabilities along with the brief particulars as on 31.03.2021. • Files containing Agenda and Minutes of 3CGMs committee meetings held during 2020-21. • Statement showing the cases of theft, fraud, embezzlement, presumptive fraud, loss of assets and loss of cash etc. as came into the notice of the Management during the year 2020-21 pertaining to Headquarters office. • Statement showing the list of capital commitments. • Statement showing the list of impairment of assets. • Files containing provision for liabilities and expenses.	Audit Requisition No.01 (Date of issue 22.09.2021)	Reminder-I 20 October 2021 Reminder-II 29 October 2021
	• Statement showing the details of exchange losses/ gains. • Age wise and party wise details of the claims recoverable of Rs 8,65,678.87 lakh shown under deposits, Loans and Advances. • Files relating to deposit of advance Income Tax (TDS) of Rs 79,695.42 lakh. • Files relating to Loan to Subsidiary Companies. • Files relating to amount recoverable and payable to Subsidiary Companies. • Files relating to amount recoverable from various Govt CALA share and DME projects. • Files relating to amount recoverable for DME projects. • Files relating to loan to contractors/consultant/others. • Files relating to provision for leave salary.	**Audit Requisition No. 02 (Date of issue 24.09.2021)**	

Sl. No	Particular of information/ records requisitioned by Audit but not furnished by the NHAI	Requisition No & Date	Reminder Date
2	Response to questionnaire to evaluate Corporate Governance in NHAI. Partial response and that too was not submitted in the prescribed format.	**Audit Requisition No.04 (Date of issue 28.09.2021)**	
3	• Files relating to receipt of Capital Grant of Rs 100 crore from JICA along with the Utilization Certificates of the same. • Statement showing the details of exchange loss on account of ADB loan along with the relevant files. • Files relating to receipt of Rs 400 crore from MoRTH towards maintenance of highways. • Files relating to loan from ADB for execution of Surat-Manor project of NH-8. • Files relating to deposit of Rs 10145.48 crore (toll revenue Rs 7390.55 crore, shared revenue Rs 1864.78 crore, negative grant Rs 900.15 crore) and Rs 5011 crore towards concession fee in CFI. • Files relating to investment in Subsidiary and Associate Companies by NHAI. • Files relating to claiming of agency charges. • Statement showing the details of land as on 31 March 2021, as per the format given in the annexure.	**Audit Requisition No.06 (Date of issue 12.10.2021)**	
4	• Statement showing the details of funds infusions made by NHAI for the period ending 31st March 2021, indicating the date of approval and release of payment to the respective contractors/concessionaire indicating the name of project and PIU. A copy of the policy of fund infusion may be furnished. • Statement showing the details of the projects developed by NHAI and subsequently handed over to concessionaire for four/six laning on BOT basis. • Statement showing the claims received from various concessionaire against NHAI up to 31stMarch 2021 for violation of State Support Agreements by different State Governments. • Statement showing the details of various application programmes/ software either developed internally or procured externally by NHAI along with the cost incurred for development/procurement.	**Audit Requisition No.07 (Date of issue 12.10.2021)**	



NATIONAL HIGHWAYS AUTHORITY OF INDIA

G-5 & 6, Sector-10, Dwarka

NEW DELHI - 110 075

BALANCE SHEET AS AT 31st MARCH, 2021

S. No.		PARTICULARS	SCHEDULE	CURRENT YEAR Rs. In Lakhs	PREVIOUS YEAR Rs. In Lakhs
		(1)	(2)	(3)	(4)
I.		**SOURCES OF FUNDS**			
	1	**Shareholders' Fund**			
		a) Capital	1	26111353.19	2,19,02,669.11
		b) Reserves & Surplus	2	-	-
	2	**Grants**			
		a) Capital	3	14,08,210.33	13,98,210.33
	3	**Borrowings**	4	3,07,16,261.17	2,48,83,166.07
		TOTAL		**5,82,35,824.69**	**4,81,84,045.52**
II.		**APPLICATION OF FUNDS**			
	1	**Fixed Assets**	5		
		a) Gross Block		24,706.29	22,927.29
		b) Less: Assets created out of Grant		758.11	758.11
		c) Assets out of Own Fund		23,948.18	22,169.18
		d) Less: Depreciation		12,772.42	11,449.98
		e) Net Block		11,175.76	10,719.20
		Assets held on behalf of GoI			
		a) Completed		2,55,32,301.73	2,20,85,894.44
		b) Ongoing		3,15,38,628.77	2,42,03,759.62
		Total (a+b)		**5,70,70,930.50**	**4,62,89,654.06**
		Total		**5,70,82,106.26**	**4,63,00,373.26**
	2	**Investment**	**6**	**2,04,597.34**	**95,177.34**
	3	**Current Assets, Loans and Advance**	**7**		
		a) Inventories		-	-
		b) Deposits, Loans & Advances		46,53,984.84	45,81,634.85
		c) Interest accrued but not due on deposits		2,845.16	2,836.50
		d) Interest accrued and due on CALA deposits		6,039.20	5,888.13
		e) Cash & Bank Balance		5,23,473.33	6,34,527.58
		f) Inter Unit Account		(0.00)	-
		sub total		**51,86,342.53**	**52,24,887.07**
		Less: Current Liabilities and Provisions			
		a) Liabilities	8	42,28,508.19	34,28,401.31
		b) Reserves & Provisions	9	8,713.26	7,990.84
		sub total		**42,37,221.44**	**34,36,392.15**
		Net Current Assets		9,49,121.09	17,88,494.91
	4	**Misc. Expenditure**	10		
		(to the extent not written off)			
	5	**Profit & Loss Account**			
		(Debit balance if any)			
		TOTAL		**5,82,35,824.69**	**4,81,84,045.52**

Significant Accounting Policy (Schedule 18) and Notes on Accounts (Schedule 19) are integral part of this Financial Statements.

For and on behalf of the Board of the Authority

Place : New Delhi.

Date : 30.07.2021

Member (Finance) **Chairman**

NATIONAL HIGHWAYS AUTHORITY OF INDIA

G-5 & 6, Sector-10, Dwarka

NEW DELHI - 110 075

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2021

S. No.	PARTICULARS	SCHEDULE	CURRENT YEAR Rs. In Lakhs	PREVIOUS YEAR Rs. In Lakhs
	(1)	(2)	(3)	(4)
I.	**INCOME**			
	a) Value of Work done			
	b) Other income	11	2,781.30	1,261.30
	c) Interest (Gross)	12	0.03	0.15
	d) Net Increase/Decrease in Work-in-progress (+)/(-)	13		
	TOTAL INCOME		**2,781.33**	**1,261.45**
II.	**EXPENDITURE**			
	a) Construction Stores/Material consumed			
	Other stores,spares & tools etc.consumed			
	Work Expenses	14	-	-
	Personnel & Administrative Expenses	15	48,022.67	44,246.68
	Finance Charges	16	5.10	6.51
	Depreciation		1,453.44	1,286.21
	Assets of Small Value Charged Off		26.44	25.08
	Exceptional Item			
	Provision for diminution in the value of investment		-	-
	Less: Provision transferred to Capital (Sch-1)		-	-
	TOTAL EXPENDITURE		**49,507.65**	**45,564.48**
	Profit / (Loss) for the period		**(46,726.31)**	**(44,303.04)**
	Add: Prior Period Items net(+/-) (details to be given)	17	(3,063.89)	(4,582.72)
	Transfer of Net Establishment Expenses for the year to Sch-5		**49,790.21**	**48,885.76**
	Less/Add: Provision for Taxation		-	-
	Net Profit			
	Less: Transfer to Capital Reserve			
	Less: Transfer to other specific Reserve/Fund			
	Less/Add: Transfer to/Transfer from General Reserve (+/-)			
	Less/Add: Surplus brought forward from previous year			
	Surplus carried to Balance Sheet			

For and on behalf of the Board of the Authority

Place : New Delhi.

Date : 30.07.2021

Member (Finance) **Chairman**

NATIONAL HIGHWAYS AUTHORITY OF INDIA

G-5 & 6, Sector-10, Dwarka

NEW DELHI - 110 075

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2021

S. No.	Particulars	CURRENT YEAR Rs. In Lakhs	PREVIOUS YEAR Rs. In Lakhs
A.	**Cash flow from operating activities:**		
	Net profit before tax	(46,726.31)	(44,303.04)
	Adjustments for:		
	Depreciation	1,453.44	1,286.21
	Profit/Loss on sale of assets	(4.89)	(5.39)
	Interest income	(0.03)	(0.15)
	Operating profit before working capital changes	**(45,277.79)**	**(43,022.36)**
	Adjustments for:		
	(Increase)/Decrease in Deposits, Loans & Advances	(72,349.99)	17,34,349.89
	Increase/(Decrease) in liabilities	8,00,106.87	(21,64,388.36)
	(Increase)/Decrease in Provision for Gratuity and Leave Encashment	722.42	889.45
	Cash flow before extraordinary item & prior period items	6,83,201.50	**(4,72,171.39)**
	Prior period items	(3,063.89)	(4,582.72)
	Net cash generated from operating activities	**6,80,137.61**	**(4,76,754.11)**
B.	**Cash flow from investing activities:**		
	Purchase of fixed assets	(1,914.00)	(5,177.24)
	Realisation from sale of assets	8.88	9.95
	(Increase)/Decrease in Capital Work in progress	(90,84,224.57)	(78,32,613.01)
	(Increase)/Decrease in investment	(1,09,420.00)	(1,560.00)
	Interest Income	1,97,477.83	2,27,263.74
	Capital Reserve (Receipts)	1,57,630.52	26,765.46
	Net cash used in investing activities	**(88,40,441.34)**	**(75,85,311.11)**
C.	**Cash flow from financing activities:**		
	Capital Base	3,260.00	-
	Cess funds received from Govt of India	23,85,000.00	11,09,100.00
	Capital additional budgetary receipts	2,80,000.00	1,00,000.00
	EAP Grant Received & utilised towards Revenue Expenditure	10,000.00	15,700.00
	Adjusted Plough back of Toll Remittance,etc	15,40,424.08	14,08,167.82
	Net decrease in loan from ADB due to Exchange Loss after Adjustment of Repayments	(9,154.20)	(2,027.66)
	Proceeds from issue of 54EC Capital Gains Tax-Free Bonds	3,42,730.60	4,45,081.30
	Proceeds from issue of Taxable bonds	45,80,260.00	49,53,600.00
	Proceeds from NSSF Loan & SBI Term Loan	15,85,000.00	21,00,000.00
	Redemption of 54EC Capital Gains Tax- Free Bonds	(6,65,741.30)	(5,57,274.20)
	Interest and other expenditure on Bond	(20,02,529.70)	(15,31,479.51)
	Net cash generated from financing activities	**80,49,249.47**	**80,40,867.75**
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	**(1,11,054.26)**	**(21,197.47)**
	Opening cash and cash equivalents	6,34,527.58	6,55,725.06
	Closing cash and cash equivalents	**5,23,473.33**	**6,34,527.58**
Notes:			
	Cash and cash equivalents include:		
	Cash and cheques in hand / in transit	1.30	1.35
	Balance with banks-Current Account	1,41,972.38	78,188.52
	Balance with banks-Savings Bank Account	3,45,754.56	5,28,641.74
	Balance with banks-Fixed Deposit Account	35,745.09	27,695.98
	Balance as per books of account	**5,23,473.33**	**6,34,527.58**

For and on behalf of the Board of the Authority

Place : New Delhi.

Date : 30.07.2021

Member (Finance) **Chairman**

NATIONAL HIGHWAYS AUTHORITY OF INDIA

G-5 & 6, Sector-10, Dwarka

NEW DELHI - 110 075

ST SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2021

		CURRENT YEAR	PREVIOUS YEAR
		Rs. In Lakhs	Rs. In Lakhs
SCHEDULE - 1	-		
i) Capital U/S 12(i)(b) - Commencing Capital			
ii) Capital U/S 17			
a) Capital Base		83,360.00	80,100.00
b) Cess Fund	1,28,57,865.00		1,17,48,765.00
Add : Received during the Year	23,85,000.00	1,52,42,865.00	11,09,100.00
c) Additional Budetary Support			
- Additional Budetary Support (NHDP)	18,01,670.00		15,21,670.00
- Additional Budetary Support (others)	3,76,584.00	21,78,254.00	3,76,584.00
d) Capital -Net off Toll Collection, Negative Grant etc. upto 31.03.10	6,18,355.88		6,18,355.88
e) Plough back of Toll Remittance,etc.w.e.f. 01.04.10 (Gross)	92,38,666.00		73,62,466.00
Less: Plough back transferred to SPVs	(17,407.23)		(17,407.23)
Less: 1) Expenditure on Toll Collection Activities (wef. 01.04.2010)	(5,07,044.45)		(3,09,346.82)
2) (Excess)/Surplus of Expenditure on Maintenance of Highways over Maintenance Grant Received (wef. 01.04.2010).	(6,85,385.13)		(5,47,306.84)
3) Transfer of Exceptional item from P & L A/c	(40,310.88)	86,06,874.19	(40,310.88)
Total (Schedule 1)		**2,61,11,353.19**	**2,19,02,669.11**
SCHEDULE - 2			
(Additions and deductions since last balance sheet to be shown under each of the specified heads)			
i) Capital Reserve			
Opening Balance	1,89,358.61		
Add : Additions during the Period	1,57,630.52		
Capital Resereve transferred to Sch-5	3,46,989.13		
ii) General Reserve			
iii) Premium on Tax-Free Bond issue		-	-
iv) National Highways Authority of India fund under Section 18(i)			
v) Credit balance of P & L A/C			
Opening Balance			
Less : Adjusted during the year			
Total (Schedule 2)		**-**	**-**
SCHEDULE - 3			
Grants	-		
i) Capital Grant			
ia) For Externally Aided Projects	14,15,282.00		14,05,282.00
Interest earned on un-utilized Grant	1,001.00		1,001.00
Less : Assets created out of Grants (Sch.-5)	(758.11)		(758.11)
Less : Revenue Expenditure out of Grant	(7,314.55)	14,08,210.33	(7,314.55)
	150.00		150.00

NATIONAL HIGHWAYS AUTHORITY OF INDIA

G-5 & 6, Sector-10, Dwarka

NEW DELHI - 110 075

ST SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2021 (Contd.)

		CURRENT YEAR	PREVIOUS YEAR
		Rs. In Lakhs	Rs. In Lakhs
Less: Transferred to Building Account (Sch.- 5)	(150.00)	-	(150.00)
ic) For servicing of 54EC Bonds issue	1,000.00		1,000.00
Interest earned on un-utilized Grant	496.68		496.68
Less : Expenditure incurred on 54EC Bonds:			
Bond Issue Expenses	(10,048.26)		(9,426.87)
Interest on Bond	(9,09,921.13)		(8,28,582.54)
Others	(3.00)		(3.00)
Deficit transferred to schedule-5	9,18,475.72		8,36,515.73
Total (Schedule 3)		**14,08,210.33**	**13,98,210.33**
SCHEDULE - 4	-		
Secured Loans	-		
Capital Gains Taxfree Bonds- 54EC	-	12,58,446.50	15,81,457.20
Tax Free Secured Redeemable Non-Convertible Bonds (10Yr & 15Yr) 11-12	-	10,00,000.00	10,00,000.00
Tax Free Secured Redeemable Non-Convertible Bonds (10Yr & 15Yr) 13-14	-	5,00,000.00	5,00,000.00
Tax Free Secured Redeemable Non-Convertible Bonds (10Yr & 15Yr) 15-16	-	19,00,000.00	19,00,000.00
Taxable Bonds (25Yrs) 2016-17	-	10,00,000.00	10,00,000.00
Taxable Bonds (5Yr) 2016-17	-	9,04,500.00	9,04,500.00
Taxable Bonds (30Yr) 2016-17	-	8,50,000.00	8,50,000.00
Taxable Bonds (5Yr) 2017-18	-	2,37,500.00	2,37,500.00
Taxable Bonds (30Yr) 2017-18	-	8,50,000.00	8,50,000.00
Taxable Bonds (15Yr) 2017-18	-	5,00,000.00	5,00,000.00
Taxable Bonds 2018-19	-	17,51,040.00	17,51,040.00
Taxable Bonds 2019-20	-	49,53,600.00	49,53,600.00
Taxable Bonds 2020-21	-	45,80,260.00	-
(Secured against a Flat in Ahmedabad and Fixed Assets of NHAI)	-		
Loan from ADB- (Surat Manor Project)	-	45,914.67	55,068.87
(Guaranteed by GoI)	-		
Unsecured Loans	-		
Taxable Bonds (15Yr) 2017-18 (from EPFO)	-	5,00,000.00	5,00,000.00
Rupee Denominated Offshore (Masala) Bonds 2017-18	-	3,00,000.00	3,00,000.00
Term Loan from State Bank of India	-	35,00,000.00	25,00,000.00
Term Loan from Punjab National Bank	-	10,00,000.00	5,00,000.00
Term Loan from Axis Bank 2020-21	-	85,000.00	
Loan from National Small Savings Fund (NSSF,MoF,GOI)	-	50,00,000.00	50,00,000.00
Total (Schedule 4)		**3,07,16,261.17**	**2,48,83,166.07**

NATIONAL HIGHWAYS AUTHORITY OF INDIA

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NEW DELHI - 110 075

SCHDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2021

Rs. in Lakhs

SCHDULE 5	Rate of Dep-recia-tion	GROSS BLOCK					Depreciation					NET BLOCK		ASSETS CREATED OUT OF GRANT
Description of Asset		As at 1.04.2020	Addition	Adjusted/ Deducted(+)	Adjusted/ Deducted(-)	Total cost as at 31.03.2021	As At 01.04.2020	For the period	Adjusted/ Deducted(+)	Adjusted/ Deducted(-)	Total Depreciation upto 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2021
LAND FREEHOD	NIL	1,786.87	162.77	-	0.00	1,949.64	-	-	-	-	-	1,786.87	1,949.64	1.23
LAND LEASEHOLD	NIL	1,297.17	0.00	-	0.00	1,297.17	-	-	-	-	-	1,297.17	1,297.17	32.43
BUILDINGS	5%	7,128.45	0.00	-	0.00	7,128.45	1,905.75	262.81	-	-	2,168.56	5,222.69	4,959.88	307.62
STAFF QUARTERS	5%	-	0.00	-	0.00	-	-	-	-	-	-	-	-	204.65
ROADS & BRIDGES	-	-	0.00	-	0.00	-	-	-	-	-	-	-	-	-
COMPUTERS & EDP	60%	6,371.35	1,425.03	46.23	182.92	7,659.68	5,872.34	845.63	30.97	158.36	6,590.57	499.01	1,069.11	75.61
LABORATORY & SURVEY EQUIPMENT	25%	0.91	0.00	-	0.00	0.91	0.91	-	-	-	0.91	-	-	0.26
FURNITURE, FITTINGS & ELECTRICAL INSTALLTION	10%	2,871.27	158.19	2.46	2.53	3,029.39	1,547.71	161.99	0.36	0.43	1,709.63	1,323.56	1,319.768763	69.21
MOTOR VEHICLES		-	0.00	-	0.00	-	(0.00)	-	-	-	(0.00)	0.00	0.00	-
AIR CONDITIONERS / HEATERS	25%	718.93	37.65	0.77	0.77	756.58	599.48	37.92	0.26	0.26	637.39	119.45	119.18	16.63
OFFICE EQUIPMENT	25%	1,994.23	136.02	4.51	8.40	2,126.35	1,523.79	145.09	1.22	4.76	1,665.35	470.44	461.00	50.47
SUB TOTAL: I		**22,169.18**	**1,919.66**	**53.96**	**194.62**	**23,948.18**	**11,449.98**	**1,453.44**	**32.81**	**163.81**	**12,772.42**	**10,719.20**	**11,175.76**	**758.11**
Assets held on behalf of GoI		4,30,17,820.79	90,84,224.57			5,21,02,045.36						4,30,17,820.79	5,21,02,045.36	
Add: Int/ other expenses on 54EC Bond Issue (deficit transfer from Sch-3)		8,36,515.73	81,959.99			9,18,475.72						8,36,515.73	9,18,475.72	
Add: Tax Free Bond Exps-Recuring		1,653.64	294.18			1,947.82						1,653.64	1,947.82	
Add: Bond Issue Expenses		739.78	359.54			1,099.33						739.78	1,099.33	
Add: Interest on Tax Free Bonds		15,41,915.43	2,64,248.28			18,06,163.71						15,41,915.43	18,06,163.71	
Add: Interest on Taxable Bonds/ Masala Bonds & NSSF Loan		20,93,527.34	14,27,936.35			35,21,463.69						20,93,527.34	35,21,463.69	
Add: Int on GoI Loan/OD		4,17,981.50	2,27,731.35			6,45,712.85						4,17,981.50	6,45,712.85	
Add: Net Establishment Exps. Transferred from P&L A/c		2,45,011.59	49,790.21			2,94,801.80						2,45,011.59	2,94,801.80	
Less: CAPITAL RESERVE		(1,89,358.61)	(1,57,630.52)			(3,46,989.13)						(1,89,358.61)	(3,46,989.13)	
Less: Intt. on Unutilised Capital		(16,76,153.12)	(1,97,637.52)			(18,73,790.64)						(16,76,153.12)	(18,73,790.64)	
SUB TOTAL: II		**4,62,89,654.06**	**1,07,81,276.44**	**-**	**-**	**5,70,70,930.50**						**4,62,89,654.06**	**5,70,70,930.50**	
GRAND TOTAL (I) + (II)		**4,63,11,823.24**	**1,07,83,196.09**	**53.96**	**194.62**	**5,70,94,878.68**	**11,449.98**	**1,453.44**	**32.81**	**163.81**	**12,772.42**	**4,63,00,373.26**	**5,70,82,106.26**	**758.11**
PREVIOUS YEAR: 31.03.2020		**3,71,48,352.49**	**91,58,788.73**	**4,885.48**	**203.46**	**4,63,11,823.24**	**10,061.76**	**1,286.21**	**276.42**	**174.40**	**11,449.98**	**3,71,38,290.73**	**4,63,00,373.26**	**758.11**

Calculation of Cost of Completed projects

	Total	Completed	Ongoing
Direct Cost	5,21,02,045.36	2,33,09,329.83	2,87,92,715.52
	1.00	0.45	0.55
Indirect cost	49,68,885.14	22,22,971.90	27,45,913.24
Total Cost	**5,70,70,930.50**	**2,55,32,301.73**	**3,15,38,628.77**

NATIONAL HIGHWAYS AUTHORITY OF INDIA

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NEW DELHI - 110 075

ST SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2021

Particulars	CURRENT YEAR Rs. In Lakhs	PREVIOUS YEAR Rs. In Lakhs
SCHEDULE - 6		
Investment		
A. Investment in Share Capital of Subsidiary Companies:		
a) 25500000 Equity Shares of Rs.10 each fully paid-up in M/s Moradabad Toll Road Co. Ltd. In addition, 4500000 Equity Shares of Rs.10 each in M/s Moradabad Toll Road Co. Ltd. acquired from M/s UPSBCL in 2009-10 at a cost of Rs.6,85,88,305/- Equity shares of Rs.10 each fully paid-up in each of the following	3,235.88	3,235.88
b) Ahmedadabad-Vadodara Expressway Co. Ltd.(31,28,50,000 equity shares)	31,285.00	31,285.00
c) Visakhapatnam Port Road Co. Ltd.(3,87,00,007 equity shares)	3,870.00	3,870.00
d) Calcutta-Haldia Port Road Co. Ltd (15,66,00,007 equity shares)of Rs. 10 each and 1,60,00,000 equity shares of Rs. 10 each at a premium of Rs. 15 each	19,660.00	19,660.00
e) National Highways Logistic Management Limited (formerly Cochin Port Road Co. Ltd. (5,79,00,000 equity shares))	5,790.00	5,790.00
f) Tuticorin Port Road Co. Ltd. (9,87,00,000 equity shares)	9,870.00	9,870.00
g) Paradeep Port Road Co. Ltd. (15,00,00,000 equity shares)	15,000.00	15,000.00
h) New Manglore Port Road Co. Ltd.(10,39,30,000 equity shares)	10,393.00	10,393.00
i) Mormugao Port Road Co. Ltd. (1527,00,000 equity shares)	15,270.00	-
j) DME Development Ltd. (108200000 equity shares of Rs. 100 each)	1,08,200.00	-
k) National Highways Infra Investment Managers Pvt Ltd. (11000000 equity shares of Rs. 10 each)	1,100.00	-
l) National Highways InvIT Project Managers Pvt Ltd. (1000000 equity shares of Rs. 10 each)	100.00	-
m) National Highways Infra Projects Pvt Ltd (100000 equity shares of Rs. 10 each)	10.00	-
n) Application Money (National Higways Infra Investemnt Managers Pvt. Ltd.)	10.00	-
Less: Provision for Diminution in the value of investment in AVEXCL, CPRCL & MTRCL	(40,310.88)	(40,310.88)
Sub Total	**1,83,483.00**	**58,793.00**
B. Investment in Share Capital of Other Companies:		
a) M/s Indian Highways Management Co. Ltd (75,00,000 equity shares)	750.00	750.00
b) M/s Chennai-Ennore Port Road Co. Ltd. (13,98,00,007 equity shares)	13,980.00	13,980.00
c) Mormugao Port Road Co. Ltd. (1527,00,000 equity shares)	-	15,270.00
d) M/s Mumbai-JNP Port Road Co. Ltd. (6,38,43,397 equity shares)	6,384.34	6,384.34
Sub Total	**21,114.34**	**36,384.34**
Total (Schedule 6)	**2,04,597.34**	**95,177.34**

NATIONAL HIGHWAYS AUTHORITY OF INDIA

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ST SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2021

Particulars	CURRENT YEAR Rs. In Lakhs	PREVIOUS YEAR Rs. In Lakhs
SCHEDULE - 7		
Current Assets, Loans & Advances		
a. Inventories (As taken, valued & certified by the management)		
i) Tools		
ii) Stores & Spares (at cost including in transit)		
iii) construction Stores/Materials		
iv) Work-in-progress (mode of valuation to be stated)		
Sub Total (a)	-	-
b. Deposits, Loans & Advances		
i) Deposits		
ii) Advances to Staff	172.23	166.71
iii) Advances to Contractors / Consultants		
a) Mobilisation Advance	6,66,610.38	9,35,132.26
b) Material Advance	5,298.45	4,034.56
c) Fund Infusion	1,96,643.45	1,64,637.05
iv) a) Advance against deposit works	1,07,092.51	1,09,875.51
b) Advance for maintenance of highways	38,240.35	28,159.38
v) Advances to Suppliers	(9,343.03)	36,890.76
vi) Claims recoverable	8,65,678.87	7,16,085.19
vii) Prepaid expenses	55.27	32.20
viii) Advance Others Including Advance Income Tax (TDS)	79,695.42	62,281.26
ix) Security deposits & Deposits against Court direction/Arbitration	6,49,438.67	5,90,928.87
x) Advance rent	39.79	34.72
xi) Recoverable/(Payabale) from/(to) Subsidiary Companies	(11,781.14)	(3,755.06)
xii) Loan to Subsidiary Companies	2,91,573.18	2,68,230.91
xiii) Recoverable on account of Expenditure on Eastern Peripheral Expressways	3,74,706.68	3,66,270.63
xiv) (As per Contra in Schedule-8) Un-disbursed balance with: Central CALA A/c	-	-
xv)Recoverable from MORTH (NHDP-4A Projects)	11,20,785.64	11,22,539.72
xvi) Recoverable from various Govt CALA Share	63,517.89	
xvii) Recoverable for DME Projects	13,768.13	
xviii)Loan to contractor/consultant/others	2,01,792.09	1,80,090.19
Sub Total (b)	**46,53,984.84**	**45,81,634.85**
c. Interest accrued but not due on deposits	**2,845.16**	**2,836.50**
d. Interest accrued and due on CALA deposits	**6,039.20**	**5,888.13**
e. Cash & Bank balances		
i) Cash & Cheques in hand including stamps.	1.20	1.35
ii) Balances with Scheduled Banks		
- Deposits accounts (excluding interest accrued & due on Deposits with CALA)	35,745.09	27,695.98
- Current Account	1,41,972.38	78,188.52
- Savings Bank Account	3,45,754.56	5,28,641.74
iii) Balances with Non scheduled banks		
- On deposits accounts (incl. interest accrued)		
iv) Remittance in transit	0.10	-
Sub Total (e)	**5,23,473.33**	**6,34,527.58**
f. Inter Unit Account	**0.00**	**-**
Grand Total	**51,86,342.53**	**52,24,887.07**

NATIONAL HIGHWAYS AUTHORITY OF INDIA

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ST SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2021

Particulars	CURRENT YEAR Rs. In Lakhs	PREVIOUS YEAR Rs. In Lakhs
SCHEDULE - 8		
Current Liabilities		
i) Liabilities for sundry creditors		
ii) Other liabilities	28,00,239.80	22,94,599.03
-Application money for 54EC Bonds	-	-
iii) Deposits held on account of others (if applicable)		
a) Sundry parties	1,34,484.98	1,17,721.29
b) Contractors	4,72,696.92	3,88,709.23
c) Suppliers	-	-
d) (As per Contra Schedule-7) Un-disbursed balances with:		
Central CALA A/c		
e) Received on A/c of Eastern Peripheral Expressway		
f) Payable on Kalewa-Yargi Project at Myanmar	40,125.70	18,755.42
iv) Payable to GOI w.e.f. 01.04.2010		
a) Toll Revenue, Shared Revenue, Negativa Grant, Non-FASTag Penalty etc.	7,74,994.23	6,03,359.39
b) Other Receipts	5,966.55	5,256.94
v) Bank Overdraft	-	-
Total (Schedule 8)	**42,28,508.19**	**34,28,401.31**
SCHEDULE - 9		
Provisions		
i) Provisions for taxes		
ii) Provisions for gratuity	4,093.41	3,687.36
iii) Provisions for Leave Salary	4,617.61	4,303.48
iv) Other provisions	2.25	-
Total (Schedule 9)	**8,713.26**	**7,990.84**
SCHEDULE - 10		
Misc. Expenditure to the extent not written off.		
Total (Schedule 10)		
SCHEDULE - 11		
Other Income		
Sale of Tender Documents	2,595.86	1,139.29
Fee for other services	97.16	83.51
Profit/Loss on sale of assets	4.89	5.39
Misc. Receipts	83.40	33.11
Total (Schedule 11)	**2,781.30**	**1,261.30**
SCHEDULE - 12		
Interest (Gross)		
From banks on deposits	-	-
From employees on advances	0.03	0.15
From others	-	-
Total (Schedule 12)	**0.03**	**0.15**

NATIONAL HIGHWAYS AUTHORITY OF INDIA

G-5 & 6, Sector-10, Dwarka

NEW DELHI - 110 075

ST SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2021

Particulars	CURRENT YEAR Rs. In Lakhs	PREVIOUS YEAR Rs. In Lakhs
SCHEDULE - 13		
Net Increase/Decrease in Work-in-progress		
Closing Stock		
Work-in-progress		
Less: Opening Stock		
Work-in-progress		
e) Received on A/c of Eastern Peripheral Expressway		
Net Increase/Decrease		
Total (Schedule 13)		
SCHEDULE - 14 - WORKS EXPENSES		
a. Work Expenses etc.		
Electricity Power & Fuel		
Survey Expenses		
Consultancy Expenses		
Payment to Contractor		
Escalation claims		
Sub Total (a)		
b. Repair & Maintenance		
Roads & Bridges		
Less : Transfer from Grant A/C		
Buildings		
Plant, Machinery & Equipment		
Sub Total (b)		
c. Others		
Insurance:-		
Technical studies & consultancy charges		
Research & Development expenses		
others		
Sub Total (c)		
Total (Schedule 14)		

NATIONAL HIGHWAYS AUTHORITY OF INDIA

G-5 & 6, Sector-10, Dwarka

NEW DELHI - 110 075

ST SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2021

Particulars	CURRENT YEAR Rs. In Lakhs	PREVIOUS YEAR Rs. In Lakhs
SCHEDULE - 15		
Personnel and other administrative expenses		
a) **Salaries wages & other staff benefit:**		
Salaries & Allowances Chairman/Members	204.05	135.90
Salaries Allowances other than Chairman/Members	17,197.70	15,924.88
Salaries & Wages-Short Term Contract Employess	8,765.62	6,838.25
Workman Staff Welfare Expenses	2,311.90	2,525.72
Contribution to Provident Fund	1,402.82	1,224.34
Pension & Leave Salary -Chairman & Members	7.48	17.15
Pension & Leave Salary -others	842.01	1,162.03
Gratuity	520.83	603.41
Rent for office accommodation	1,814.21	1,915.98
Rates and Taxes	33.45	50.93
Repairs & maintenance	1,308.95	822.17
Insurance	23.37	20.88
Honoraria fee and other professional charges	4,780.20	4,026.72
Travelling expenses, Conveyance	3,816.98	4,294.45
Printing & Stationery	795.31	542.59
Postage & Communication	615.46	699.28
Advertisement & publicity	99.60	206.54
Research & Development Expenses	9.80	-
Remuneration to Auditors-C&AG	513.66	468.11
Other Revenue Expenses	2,957.89	2,766.18
Misc. Expenses	1.37	1.18
Total (Schedule 15)	**48,022.67**	**44,246.68**
SCHEDULE - 16 FINANCE CHARGES		
i) Interest		
On over draft	-	-
On Loans from banks	-	-
On Tax deducted at Source	0.46	2.63
On Others	-	-
On Bonds/Debentures	-	-
On Loans from Govt. of India	-	-
ii) Discounting Charges		
iii) Guarantee Commission/Bank charges	4.64	3.88
iv) Bond Issue Expenses		
Total (Schedule 16)	**5.10**	**6.51**
SCHEDULE - 17		
Prior Period Adjustments		
Prior period income (Credit)	47.03	(1.46)
Prior period Expenses (Debit)	3,016.87	4,584.18
Total (Schedule 17)	**3,063.89**	**4,582.72**

NATIONAL HIGHWAYS AUTHORITY OF INDIA

G-5 & 6, Sector-10, Dwarka

NEW DELHI - 110 075

Grouping Schedule 15			Rs. In Lakhs
	Particulars	CURRENT YEAR	PREVIOUS YEAR
	Personnel & Other Administrative Expenses		
a)	**Salaries, Wages & Other Staff benefits.**		
	i) Salary & Wages	16,368.84	15,082.52
	ii) Chairman & Members	204.05	135.90
	iii) Salary & Wages-Short-Term Contract Employees	8,765.62	6,838.25
	iv) Over Time Allowance	-	3.79
	v) Rent for Residence/Licence fee	349.71	438.96
	vi) Bonus	9.01	3.94
	vii) Incentives	33.47	1.55
	viii)Leave Encashment	83.08	64.97
	ix) Ex gratia	353.58	329.15
	Sub Total (a)	**26,167.37**	**22,899.04**
b)	**Workman Staff Welfare Expenses**		
	i) Medical reimbursement	1,223.14	1,109.48
	ii) Staff Welfare:		
	Welfare expenses	662.53	849.59
	Kitchen,Utencil & Appliances	6.44	5.97
	iii) Seminar/Training expenses	213.40	453.24
	iv) LTC	206.39	107.43
	v) Liveries		
	Sub Total (b)	**2,311.90**	**2,525.72**
c)	**Contribution to:**		
	i) Provident Fund	1,402.82	1,224.34
	ii) Pension & Leave salary Members & Chairman	7.48	17.15
	iii) Pension & Leave salary Others	842.01	1,162.03
	iv) Others-Gratuity	520.83	603.41
	Sub Total (c)	**2,773.14**	**3,006.93**
d)	**Repairs & Maintenance**		
	i) R & M Office Building	426.27	404.78
	ii) R & M Office Equipments	97.14	92.27
	iii) R & M Light vehicles	6.99	17.36
	iv) R & M Others	189.64	93.72
	v) R & M Computer & EDP	588.91	214.03
	Sub Total (d)	**1,308.95**	**822.17**
e)	**Insurance**		
	i) Light Vehicles	-	-
	ii) Others	23.37	20.88
	Sub Total (e)	**23.37**	**20.88**

NATIONAL HIGHWAYS AUTHORITY OF INDIA

G-5 & 6, Sector-10, Dwarka

NEW DELHI - 110 075

Grouping Schedule 15			Rs. In Lakhs
	Particulars	CURRENT YEAR	PREVIOUS YEAR
f)	**Honoraria fee & other professional charges**		
	i) Fee of liasion work		
	ii) Consultancy fee	4,183.45	2,924.21
	iii) Honoraria fee	5.67	4.95
	iv) Legal, & Statutory fee	380.44	708.41
	v) Professional charges	-	-
	vi) Internal Audit fee	210.63	389.15
	Sub Total (f)	**4,780.20**	**4,026.72**
g)	**Travelling Expenses**		
	i) Local conveyance	3,049.88	2,835.45
	ii) Travelling Expenses (India)	767.10	1,441.95
	iii) Travelling Expenses (Abroad)	-	17.05
	Sub Total (g)	**3,816.98**	**4,294.45**
h)	**Printing & Stationery Postage & Communication**		
	i) Printing & stationery	795.31	542.59
	ii) Postage, Telegram including air freight	115.08	154.60
	iii) Telephones & Telex	500.38	544.67
	Sub Total (h)	**1,410.77**	**1,241.87**
i)	**Remuneration to Auditors -C&AG**		
	i) Audit fee	498.61	453.28
	a) For taxation	-	-
	b) For other services	0.21	-
	ii) Reimbursement of Travelling & out of pocket expenses	14.84	14.83
	Sub Total (i)	**513.66**	**468.11**
j)	**Other Revenue Expenses**		
	i) Entertainment Expenses	-	-
	ii) Tender bond expenses	-	-
	iii) Membership fee	5.47	5.99
	iv) Publications, Books & Newspaper	15.54	26.53
	v) Donation	-	0.50
	vi) Sundry balances written off	0.00	-
	vii) Staff recruitment expenses	44.25	20.57
	viii)Deficit from Seminars/Trg. organised (Net)	-	-
	ix)Security expenses/Short-Term Contract Staffs	1,900.87	1,858.93
	xi) Electricity & Water charges	991.74	853.66
	xii) Gifts & Presents	0.03	-
	Sub Total (j)	**2,957.89**	**2,766.18**
k)	Miscellaneous office expenses	1.37	1.18
l)	Rent	1,814.21	1,915.98
m)	Rates & Taxes	33.45	50.93
n)	Research & Development Expenses	9.80	-
o)	Advertisement & Publicity	99.60	206.54
	GRAND TOTAL	**48,022.67**	**44,246.68**

SCHEDULE-18

Significant Accounting Policies 2020-21

1. Basis of Accounting

The financial statements are generally prepared under the historical cost conventions and on accrual basis, unless indicated otherwise.

2. Capital

Capital of Authority is provided by Government of India and is not divided into shares. Government of India provides the capital through budget allocation in the Union Budget, as Capital Base, allocation of a portion of Cess on diesel & petrol for the national highways out of the Central Road and Infrastructure Fund (CRIF) and through plough back of user fees and Assets Monetization proceeds collected and deposited by the Authority to the Consolidated Fund of India (CFI). Government of India also provides Additional Budgetary Support, Bharat Mala and other specific projects.

3. Capital Grant

Apart from above, Government of India provides specific Grants for execution of various Externally Aided Projects/to meet expenditure on various activities. Such grants are accounted as Capital Grant. Expenditure made/Fixed assets created out of such Grant are set off against the Grant. Assets created out of Capital Grant are not subjected to depreciation. Interest earned on the unutilized grant is credited to interest on unutilized capital.

4. Land Acquisition

Land, for the purpose of National Highways, is acquired through Competent Authority -Land Acquisition (CALA). Compensation as determined by CALA, after approval of NHAI is deposited in to a special CALA account, from where the amount is distributed to the beneficiaries. Such amount is booked to Capital work-in-progress. Interest earned on the amount of undisbursed compensation is accounted for on accrual basis and credited to interest on unutilized capital.

5. Borrowings

Government of India makes allocation in the Union Budget for Internal Extra Budgetary Resources (IEBR). On the basis of allocations made by the Government of India and with the approval of Authority and the MORTH, NHAI raises funds through secured and unsecured bonds/ loans. The most common sources of borrowings are as follows:

a) Capital Gains Tax Exemption Bonds under Section 54 EC of the Income Tax Act, 1961

b) Public issue of Tax free, secured, redeemable, non-convertible bonds under Section 10 (15) (iv) (h) of IT Act 1961 and Private placement.

c) Taxable bonds from the Market through e bidding

d) Rupee-denominated offshore (Masala) Bonds

e) Borrowings from LIC, NSSF, EPFO etc.

f) Rupee term loans and overdraft from Scheduled Commercial banks.

g) NHAI also goes for project specific loans from multilateral agencies guaranteed by Government of India.

6. Assets held on behalf of Government of India (GOI)

The Authority is an implementing agency of the Government of India and is mandated to develop, maintain and manage the national highways and any other highways entrusted to or vested in it by the Government. Authority is not the owner of the highways entrusted to it, therefore, pending decision on the matter, highways developed by the Authority are shown as "Assets held on behalf of GoI".

"Assets held on behalf of GoI" include direct costs like DPR, land acquisition, utility shifting, tree cutting, civil construction, annuity, VGF etc. and indirect costs such as interest and issue expenses on market borrowings / loans availed by the Authority for highways, net establishment expenditure after setting off the income and interest earned on deposit, loans, advances and receipts from ongoing projects as shown in Schedule 5.

7. Allocation of Cost:

a) The expenses on pre-construction activities for more than one project [to the extent not specifically allocable to the projects] are apportioned to the projects on the basis of the length of the projects.

b) The expenses on construction supervision for more than one project [to the extent not specifically allocable to the projects] are apportioned to the projects on the basis of the awarded value of the civil works contracts.

8. Fixed Assets & Depreciation

Highway projects received from Government of India (GOI) have not been accounted for / capitalized in absence of information on transfer price. Authority being an executing agency of GOI, holds the highways projects developed by it on behalf of GOI, hence, these assets are not depreciated.

Depreciation on other fixed assets (like Computer EDP, Furniture, Office equipment etc.) is provided on the basis of written down value (WDV) method as under:

Item of Fixed Asset	Rate of Depreciation (%) per annum
Roads and Bridges	-
Building	5
Computers	60
Furniture & Fixtures and Electrical Fittings & Installations	10
Motor Vehicles	20
Air Conditioners & Heaters	25
Office Equipment	25
Laboratory and Survey Equipment	25

An item of asset costing Rs.5,000/- or less is charged off to revenue in the year of acquisition/ purchase /commission/available for use.

Assets with written down value of Rs.5,000/- or less as at the beginning of the year is fully depreciated during the year.

Depreciation at full rate is charged if the asset is available for/put to use for 180 days or more in the given financial year. Depreciation @ 50% of the rate shown above is charged if an asset is available for/put to use for less than 180 days in a given financial year.

No depreciation is provided on the assets or the portion of the assets financed out of the capital grant.

Assets purchased or constructed for toll collection activities are classified under expenditure on Toll collection activities and are set off against plough back of toll remittance therefore are not subjected to depreciation.

9. Maintenance Grant

Expenditure on Maintenance of Highways and toll collection activities, after setting of maintenance grant received from GoI for maintenance of highways is reduced from plough-back of toll remittances and shown as capital (Schedule-I) under additional budgetary support-plough back of toll remittance.

10. Payments to Government Departments / Agencies

Payments made to various Central & State Government departments and other Government Agencies are regulated as under-

a) Payments made to forest department on the basis of demands raised by them, as per their prescribed norms towards afforestation and tree cutting, are directly capitalized.

b) Payments made to Government Departments towards supervision /agency charges for utility shifting and to Railways towards construction of ROBs are capitalized on acknowledgement of receipt of such amount by the concerned department.

c) Payments towards maintenance of highways to the State Government departments are shown as 'Advance for maintenance of highways'. Expenditure incurred against such advances, based on the utilization statements furnished by respective state agencies, is shown as expenditure on maintenance of highways.

11. Toll Revenue, Shared Revenue and Negative Grant and TOT / InvIT Proceed

The amount of toll revenue, shared revenue, negative grant, TOT / InvIT Proceeds and interest earned thereon, is remitted to Consolidated Fund of India (CFI) on actual receipt basis.

12. Revenue Recognition

a) Sale proceeds of tender documents are accounted for as income (and the related expenditure is accounted for under the appropriate heads of expenditure) of the Authority.

b) Supervision charges, if any, received against deposit work and supervision and monitoring fees received under Durg bypass (BOT contract) are treated as income of the Authority.

c) Any other income, which is in the nature of revenue receipt and not payable to the Govt. of India.

13. Agency Charges

Agency charges on the value of various projects executed w e f 1/4/2008 is recognized notionally at the following rates-

a) 1% on all capital works projects, including on the total expenditure on BOT and Annuity projects;

b) 9% on the expenditure on maintenance of highways directly done by NHAI;

c) 2% on the expenditure on maintenance of highways carried out through the State Public Works Departments.

Agency charges are accounted for through a Memorandum Account. All establishment expenditure, after setting off the income, is appropriated against the Agency Charges through a Memorandum Account and disclosed in the Notes to Accounts.

14. Retirement Benefits

The liability for retirement benefits of the regular employees and employees on contract (long term) of the Authority in respect of gratuity and leave encashment is accounted for on accrual basis and invested in fixed deposits with banks. Every year these investments are adjusted in line with the accrued liability.

15. Foreign Exchange Transactions

a) Foreign exchange transactions relating to purchase of/acquisition of or in relation to fixed assets, goods and services are accounted for at the exchange rates prevailing as on the date of the transaction.

b) Foreign Currency loans outstanding at the end of the year are translated at the exchange rate as indicated by the Bill Selling (BC selling) rate prevailing on the last date of the financial year or the most proximate previous working day. Since the Authority is only an implementing agency and all the capital expenses are incurred on behalf of the Government of India, losses or gains, if any, due to exchange fluctuations relating to the loans utilized for acquisition of fixed assets/Capital Work-in-progress are adjusted to the carrying cost of the relevant assets/Capital Work-in-progress (instead of recognizing in the profit and loss account).

16. Miscellaneous

a) Cheques issued but not presented within three (3) months from the dates of issuance are credited to the stale cheque account. Any amount outstanding in the stale cheque account for three (3) years is transferred to the miscellaneous income account.

b) Expenses/Incomes related to previous years up to value of Rs. 50,000/- are charged to natural heads of accounts in current year and items exceeding Rs. 50,000/- are booked under prior period items account.

c) The Authority is only an implementing agency of the Government of India to develop, maintain and manage the national highways and any other highways entrusted to or vested in, it by the Government and there are no different segment reporting as per Accounting Standard-17 issued by the Institute of Chartered Accountants of India.

d) The Authority is not required to consolidate its financial statements with the financial statements of its subsidiaries as per the NHAI Act, 1988 and accordingly, the Accounting Standard - 21 issued by the Institute of Chartered Accountants of India is not applicable.

e) Long-term investments are stated at cost or book value whichever is lower.

17. Project Revenue

User fee received from completed projects is deposited to Consolidated Fund of India (CFI) and are not part of Authority's revenue.

SCHEDULE-19

Notes to Accounts 2020-21

1. **Capital -** During the year, an amount of Rs. 23,850.00 crore (previous year Rs. 11,091.00 crore) has been received from the Government of India as Cess Fund and additional budgetary support of Rs. 2800.00 crore towards development of National Highways (Original) Works (previous year Rs. 1000.00 crore). In addition to this seed money of Rs. 32.60 crore (previous year nil) have also been received towards Bharat Mala Project. Government of India has also provided Rs. 11,500 crore (previous year Rs. 10,600 crore) towards plough back of toll remittances and Rs. 7,262 crore (previous year Rs. 5,000 crore) towards Plough Back of Toll, Operate & Transfer (TOT). These amounts have been credited to the Capital Account.

2. **Capital Grant -** During the year Rs. 100.00 crore (previous year Rs. 157.00 crore) has been received from Japan International Cooperation Agency (JICA) aided projects.

3. **Maintenance Fund -** An amount of Rs. 400.00 crore (previous year Rs. 413.82 crore) has been received during the year from MoRTH towards maintenance of National Highways. Amount spent on maintenance of highways during the year is Rs. 1716.01 crore (previous year Rs. 1259.74 crore).

4. **Swachhta Action Plan -** During the year an amount of Rs. Nil (previous year Rs. 55.83 crore) has been received from MoRTH towards grant for Swachhta Action plan and Rs. 4.18 crore (previous year Rs. 20.41 crore) have been spent on it.

5. **Interest on unutilized capital, loans & advances -** Cumulative interest received on unutilized capital and loans & advances to contractors/consultants etc.till the end of financial year amounts to Rs. 18,737.91 crore (up to previous year Rs. 16,761.53 crore).

6. **Externally Aided Projects & Grants -** The Authority, in addition to the projects funded out of capital funds, has implemented various Externally Aided Projects (EAPs). These projects are funded by multilateral agencies like the World Bank (WB), the Asian Development Bank (ADB) and Japan Bank for International Cooperation (JBIC). These agencies provide funds to Government of India (GOI) under the respective loan agreements signed by them with GOI, which in turn gets passed on to the Authority in the ratio of 80:20 as grant and loan in the case of WB and ADB and 100% grant in the case of JBIC. The loans on these projects have since been repaid.

7. **Loans -** A Loan of USD 180.00 million was sanctioned from Asian Development Bank (ADB) for execution of Surat – Manor project on NH-8. Against this USD 149.75 million was finally disbursed. There is an outstanding balance of Rs. 459.15 crores (USD 62.04 million @ Rs. 74.0075/USD) as on 31.03.2021 and the same has been included under 'Borrowings'. Interest charges amounting to Rs. 14.64 crore on loan (previous year Rs. 20.15 crore which pertains to post construction period) has been paid during the year. Up to 31.03.2010, it was shown as reduction from toll revenue payable to GOI, since the interest payment on the loan was to be met out of the toll collection. From 01.04.2010 this is being shown as deduction from additional budgetary support (plough-back of toll remittance). Provision for guarantee fee amounting to Rs. 1.15 crore (previous year Rs. 1.37 crore) in respect of Government of India guarantee has also been made in the accounts.

8. **Toll Remittances & Plough Back -** The GoI has decided that from 01.04.2010 onwards, the toll revenue, shared revenue and negative grant collected by NHAI should be deposited in the Consolidated Fund of India and additional budgetary provisions would be provided for expenditure from the Consolidated Fund of India (CFI) in line with the amount deposited by NHAI in CFI. During 2020-21 NHAI has deposited a total amount of Rs. 10,145.48 crore (toll revenue Rs. 7,390.55 crore, shared revenue Rs. 1854.78 crore, negative grant Rs. 900.15 crore) in Consolidated Fund of India as per the direction of Ministry. Ministry, during 2020-21 has released Rs. 11,500 crore (previous year Rs. 10,600 crore) to NHAI against Plough back of toll revenue through Permanent Bridge Fee Fund (PBFF) to meet the expenditure on development, operation and maintenance of National Highways, toll collection activities and repayment of loans etc.

   In addition, NHAI has received Rs. 7,262 crore towards advance Plough back of Toll Operate and Transfer (TOT) from MoRTH. During the year Authority has received concession fee of Rs. 5,011 crore (previous year Rs. Nil) from Concessionaire towards third bundle of ToT and the same was deposited into CFI.

9. **Borrowings –**

   a) **Capital Gains Tax Exemption Bonds** – During the year Authority has issued Capital Gains Tax Exemption Bonds under Section 54-EC of the Income Tax Act, 1961 for an amount of Rs. 3,427.31 crore (previous year Rs. 4,450.81 crore).

      Cumulative expenses on issue of 54-EC Bonds amounts to Rs. 100.48 crores up to 31.03.2021 (up to previous year Rs. 94.27 crores).

      Cumulative interest on 54 EC bond up to 31.03.2020 amounting to Rs. 9,099.21 crore (up to previous year Rs. 8,285.83 crore).

   b) **Tax Free Bonds** – Authority has so far raised Rs. 34,000 crores (current year Rs. Nil) through tax free secured, redeemable, non-convertible bonds (2011-12 Rs. 10,000 crore, 2013-14 Rs. 5,000 crores 2015-16 Rs. 19,000 crore).

   c) **Taxable Bonds** - During F.Y. 2020-21, Authority has raised Rs. 45,802.60 crore (previous year Rs. 49,536.00 crore) through taxable bonds.

   d) **Rupee Denominated Offshore (Masala) Bonds** - During the year authority has not raised money through Rupee Denominated Offshore (Masala) Bonds. However, during 2017-18 an amount of Rs. 3,000 crore was raised through Masala Bonds.

   e) **Loan from National Small Saving Fund (NSSF, MoF, GOI)** – Authority, during 2020-21 has received Rs. Nil (previous year Rs. 10,000 crore) as loan from National Small Saving Fund.

   f) Apart from above Authority, during the year has also taken a term loan of Rs. 10,000.00 crore (previous year Rs. 6,000.00 crore) from State Bank of India, Rs. 5000.00 crore (previous year Rs. 5,000 crore) from Punjab National Bank and Rs. 850.00 crore (previous year Rs. Nil) from Axis Bank.

      Except Rs. 103,850.00 crore [(Rs. 3,000 crore (Masala) Bonds, Rs. 5,000 crores (borrowed from EPFO under taxable bond on 22nd Nov. 2017), Rs. 50,000 crore (loan from NSSF), Rs. 35,000 crore (term loan from SBI) and Rs. 10,000 crore (term loan from PNB) and Rs. 850.00 crore (term loan from Axis Bank)] all the bonds are secured through a mortgage over the property of NHAI situated at Ahmedabad along with fixed assets of NHAI, being highway projects comprising of all superstructures including highway lightings, road

barriers and dividers, bridges, culverts and all other super structures constructed on national highways except those under the Surat-Manor Tollway Project entrusted to NHAI with a minimum security cover of one time of the aggregate face value amount of Bonds outstanding at all times.

All receipts of NHAI viz. Funds received from the Ministry, Market borrowings through issue of NHAI Tax free Bonds, Taxable Bonds, NHAI Capital Gain Tax Exemption Bonds under Section 54-EC, interest on surplus funds etc. are credited in the National Highways Authority of India Funds and all expenditure is met out of this Fund as per the provisions of Article 18 of NHAI Act, 1988. As such, no separate Account is maintained for utilization of NHAI Bond proceeds.

Name and contact details of debenture trustee for 2020-21 is as under -

M/s IDBI Trusteeship Services Ltd,

Asian Building, Ground Floor

17 R. Kamani Marg, Ballard Estate,

Mumbai – 400 001

Email: itsl@idbitrustee.com

As on 31.03.2021, no investor complaint was pending for redressal.

10. **Assets held on behalf of Government of India (GoI) –** Project expenditure up to 31.03.2021, as per Significant Accounting Policy-6, has been shown as Assets held on behalf of GoI (Completed & Ongoing).

11. **Provision for Gratuity and Leave Salary** - Provision for accrued liability for Gratuity and Leave encashment as per Gratuity Act and NHAI rules to the tune of Rs. 87.11 crore (last year Rs. 79.91 crore) as on 31.03.2021 has been made in the books. Accordingly, existing FDR of Rs. 79.914 crore, representing accrual up to previous year, is increased to Rs. 87.11 crore.

12. **Land -** Land acquired by NHAI for construction of highways are mutated in the name of Government of India. The process of mutation is in various stage. In order to expedite the process of mutation, NHAI has recently issued SOP on mutation of land. Cost of land acquired by NHAI in respect of ongoing and completed projects is reflected under Assets held on behalf of GoI.

    During 2016-17, Authority has introduced Central CALA account system for payment of land compensation (refer Significant Accounting Policy 4). Majority of old CALA accounts under old system have been closed by transferring the balance to Central CALA account. At the end of financial year Rs. 34,715.33 crore is lying undisbursed in the remaining bank accounts and Central CALA accounts.

13. **Income Tax exemption -** NHAI has been granted Income-tax exemption under section 10(23C)(iv) of the Income Tax Act, 1961 on continuous basis vide Order No. DGIT(E)/10(23C)(iv)/2009, dated 13th February, 2009 issued by Director General of Income Tax (Exemptions) granting exemption for AY 2008-09 and onwards. Accordingly, provision for Income- tax has not been made as in the previous years.

    Income tax deducted at source by various parties is claimed as refund through Annual Income Tax Returns (ITRs). NHAI has filed ITRs up to FY 2019-20. In addition to previous claims, refund of Rs. 58.72 crore (FY 2018-19) and Rs. 70.97 crore (FY 2019-20) are yet to processed by IT Authorities.

14. Loans and Advances to Chairman/Members - During the year no loan/advance was granted to Chairman/ Members.

Debts/Loans/Advance due from Chairman/Members - Nil

Maximum amount due from Chairman/Members

at any time during the year - Nil

15. Investments in Subsidiaries & Associate Companies -

Investment	Amount (Rs. in Crore)
Subsidiary Companies	2237.94
Associate Companies	211.14
Total	2,449.08

a) Moradabad Toll Road Co .Ltd. (MTRCL)-National Company Law Tribunal (NCLT) New Delhi, vide its order dated 21.05.2019, has approved the winding up of Moradabad Toll Road Company Limited (MTRCL) under section 272 (1) (a) and (e) of Companies Act, 2013.

b) Ahmedabad-Vadodara Expressway Company Limited (AVEXCL)-Petition for winding up has been filed with National Company Law Tribunal (NCLT) on 11.12.2017. Hearing is still pending.

c) The NHAI Board, in its 128th meeting held on 16.08.2018, has also given in-principle approval for winding up of following SPVs:

d) Calcutta - Haldia Port Road Company Limited (CHPRCL)

e) National Highways Logistic Management Limited (formerly Cochin Port Road Co. Ltd

f) New Mangalore Port Road Company Limited (NMPRCL)

g) Chennai-Ennore Port Road Company Limited (CEPRCL)

h) Tuticorin Port Road Company Limited (TPRCL)

i) Vishakhapatnam Port Road Company Limited (VPRCL)

j) Paradip Port Road Company Limited (PPRCL)

k) The Boards of respective SPVs are working on the proposal.

Investments of NHAI in the loss-making subsidiaries were valued by professional valuers in 2016-17. On the basis of valuer's report, provision for diminution in the value of investment for Rs. 312.85 crore, Rs. 32.36 crore & Rs. 57.90 crore in respect of AVEXCL, MTRCL & CPRCL respectively were made which still exists in the books.

Following is the details of loan and advances in the nature of loan to Subsidiaries & Associates Companies as on 31.03.2021-

Name of Subsidiary/Associate	Loans (Rs.) crore
Ahmedabad-Vadodara Ex. way Co. Ltd.	5.29
Mormugao Port Road Co. Ltd.	98.15
Visakhapatnam Port Road Co. Ltd.	72.35
Calcutta-Haldia Port Road Co. Ltd.	696.43
Chennai-Ennore Port Road Co. Ltd.	107.53

Name of Subsidiary/Associate	Loans (Rs.) crore
National Highways Logistic Management Limited (formerly Cochin Port Road Co. Ltd	257.73
Tuticorin Port Road Co. Ltd.	257.23
Paradeep Port Road Co. Ltd.	851.30
New Mangalore Port Road Co. Ltd.	515.34
Moradabad Toll Road Co. Ltd.	49.38
National Highways Infra Investment Managers Pvt Ltd.	5.00
Total	**2,915.73**

16. Deposits, Loans & Advances -

a) **Eastern Peripheral Expressway** - Against a deposit of Rs. 2000.25 crore, Authority has spent Rs. 5,747.32 crore on Eastern Peripheral Expressway thus the recoverable stands at Rs. 3,747.07 crore.

b) **Recoverable from MoRTH** - Authority, on the basis of direction received from MoRTH, has made payments for some of the NHDP phase-IV project, which are under the direct control of MoRTH. Expenditure on such projects is shown as "Recoverable from MoRTH". Accumulated amount of such recoverable as on 31st March, 2021 is Rs. 11,207.86 crore.

c) **Kalewa-Yargi Project, Myanmar** - Authority has entered into an agreement with Ministry of External affairs, Government of India for rendering Project Management and Consultancy services for construction/upgradation of the Kalewa-Yargi Road Section from Milepost 40/0 to Milepost 115/5 (120.74 Kms.) of the Trilateral Highway in Myanmar. NHAI is to receive (as per prescribed schedule), as its remuneration, 6% of the estimated or tendered cost of construction whichever was lower besides the cost of construction which was to be received by NHAI as per milestones achieved by sub-contractor. Up to 31st March 2021, NHAI has received Rs. 21.83 crore as its remuneration and Rs. 379.42 crore as advance for construction work. Up to 31st March 2021 NHAI has achieved financial progress of Rs. 30.01%.

d) **Delhi-Mumbai Expressway** - DME Development Ltd. is a fully owned subsidiary of NHAI. NHAI and DME Development Ltd. have entered into a concession agreement and an implementation agreement for development of Delhi Mumbai Expressway project. NHAI is executing this project through various EPC and HAM contracts. Up to 31.03.2021 NHAI has executed projects worth Rs. 9,868.68 crore and DME Development Ltd. has paid Rs. 9,731.00 crore to NHAI.

e) **Land Acquisition in Kerala** – Kerala Government has agreed to bear 25% of the cost of Land Acquisition for widening of NH-66 from Kasaragod to Thiruvananathapuram except Thalassery-Mahe bypass and Nileshwaram ROB in the state of Kerala. Rs. 1957.71 crore has been spent by the Authority on their behalf, out of which Kerala Government has reimbursed Rs. 1322.53 crore to Authority.

17. Deferred Premium – Up to 31.03.2018 interest due on deferred premium, as per the provisions of Article 28.2 of Model Concession Agreement, has been accounted for on cash basis on receipt. In compliance with audit observation w.e.f. 2018-19 interest is accounted for on accrual basis.

18. BOT Annuity Projects - Under the BOT (Annuity) contracts, fixed half-yearly annuities over a period of 12 to 18 years from the dates of completion of the projects amounting to Rs. 78,402.40

crores are required to be paid by the Authority. Out of this, an amount of Rs. 38,351.23 crores have been paid till 31.03.2021 (up to previous year Rs. 33,958.45 crore), which is included in Assets held on behalf of GoI.

19. **Fraudulent Withdrawal –**

a) During 2012-13 a fraudulent withdrawal of Rs. 1.06 crore from one of the bank accounts of Competent Authority Land Acquisition (CALA) was detected under PIU-Chandigarh. Out of this, a sum of Rs. 18.31 lakh and Rs. 11.75 lakh have been recovered by police and lying with the court as 'case property'. Punjab Government has paid Rs. 43.34 lakh and Rs. 27.00 lacs towards compensation to the land holders. If any financial consequences arise in future Punjab Government is liable to pay.

b) During 2020-21 another fraudulent withdrawal of Rs. 31.92 crore has taken place from CALA Bank Account with Kotak Mahindra Bank under RO-Patna. Out of this Rs. 17.94 crore have been recovered and transferred to the respective CALA Bank Accounts. Kotak Mahindra Bank has deposited remaining Rs. 13.98 crore to NHAI Central CALA Account Delhi on 31.03.2021.

20. **Depreciation -** Depreciation wherever applicable has been charged as per significant accounting policies.

21. **Goods and Service Tax -** Implementation of Goods and Service Tax (GST) Act, 2017 has triggered the "Change in Law" clause in various contracts. The effect of such changes is accounted for as and when payment under "Change in Law" clause is released.

22. **Agency Charges -** As explained in Significant Accounting Policies of NHAI, agency charges is recognized notionally at the following rates on the value of various projects executed w.e.f. 1st April, 2008.

(a) 1% on all capital works projects, including on the total expenditure on EPC, BOT (Toll), BOT (Annuity) and SPV projects

(b) 9% on the expenditure on maintenance of highways directly done by NHAI;

(c) 2% on the expenditure on maintenance of highways carried out through the State Public Works Departments.

All administrative expenditure, after setting off the receipts is charged to Asset held on behalf of GoI within the overall ceiling of Agency Charges.

Memorandum Account of Agency Charges

Particulars	Amount (Rs. in cr.)
Agency charges - Opening balance as on 01.04.2020	3,741.57
Add: Agency charges for the FY 2020-21	1,136.06
Total	**4,877.63**
Less: Net Administrative expenses for the year	497.90
Agency Charges: Balance as on 31.03.2021	4,379.73

23. **Members' Responsibility -** With respect to the Members' Responsibility Statement, it is hereby confirmed that:

(a) Authority is not a Company registered under the Companies Act, 2013. Hence, Accounting Standards are not applicable. However, in order to give a true and fair view to the Statements of Accounts, Accounting Standards related to the area of operations of the Authority have generally been followed, only exception being AS-15 (Employee Benefits).

(b) The Members' have selected such accounting policies and applied them consistently and made adjustments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Authority at the end of the year.

(c) The Members' have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with section 34(2)(g) of the NHAI Act, 1988 for safeguard of the assets of the Authority and for preventing and detecting fraud and other irregularities.

(d) The Members' have prepared the annual accounts of the Authority on a "going concern" basis.

(e) No income/fund of NHAI for the year ended 31st March 2021 has been used or applied directly or indirectly for the benefit of Board Members, their relatives and entities in which Board Members or their relatives have substantial interest.

24. Finalization of Accounts in Current Format - The format of accounts has been approved by C&AG vide letter dated 22-06-1992. NHAI, since inception, is using this format. In the subsequent years some requirement based minor changes have been made in the format of accounts, mainly to satisfy audit observations or to accommodate changes in accounting policies.

25. Regrouping and rounding - Previous year's figures, wherever necessary, have been regrouped and rearranged to make them comparable with current year figures. All figures are in lakh rupees and there might be rounding off difference up to 0.01 lakh in the financial statements.

26. Contingent Liability - Contingent Liability not acknowledged as debt:

(a) On the close of financial year total numbers of pending Arbitration and Court cases are 141 and 213 respectively. In the Arbitration cases Contractors/ Concessionaires have claimed Rs. 92,143.79 crore & USD 71,205 whereas NHAI have claimed Rs. 40,828.11 crore. In the court cases Contractors/ Concessionaires and NHAI have filed petitions/appeals in various courts involving Rs. 6,102.36 crore and Rs. 14,491.83 crore respectively. Authority has also given bank guarantee to the tune of Rs. 71.51 crore and has deposited of Rs. 6,398.00 crore in the form of FDRs as per various court orders. In respect of other claims/legal cases, the liability is not ascertainable at present.

(b) Authority has so far issued Letters of Credits to the tune of Rs. 619.48 crore for payment of annuities.

(c) The total estimated value of EPC, Consultancy and O&M contracts remaining to be executed as on 31.3.2021 are Rs. 86,092.43, Rs. 2118.82 and Rs. 5114.64 crore respectively.

For and on behalf of the Board of the Authority

Place: New Delhi
Date: 30.07.2022

Member (Finance)

Chairman

20 Annexure 3

MANAGEMENT REPLY TO AUDIT REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA ON THE ACCOUNTS OF NATIONAL HIGHWAYS AUTHORITY OF INDIA FOR THE YEAR ENDED 31 MARCH 2021

S.NO.	Audit Report	Management Reply
1	We have audited the attached Balance Sheet of the National Highways Authority of India (NHAI) as at 31 March 2021 and the Profit and Loss Account for the year ended on that date under section 23 of the National Highways Authority of India Act, 1988 (NHAI Act, 1988) and Rule 6(5) of National Highways Authority of India (Budget, Accounts, Audit, Investment of Funds and Powers to Enter Premises) Rules 1990 as amended from time to time. These financial statements include the accounts of 210 units {the accounts of NHAI Headquarters, 27 Regional Offices and 182 Project Implementation Units (PIUs)}. Preparation of these financial statements is the responsibility of the Management. Our responsibility is to express an opinion on these financial statements based on our audit. We have conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall presentation of financial statements. We believe that our audit provides a reasonable basis for our opinion.	

S.NO.	Audit Report	Management Reply
	Based on our audit, we report that:	
	I. We have obtained all the information and explanations, subject to **Annexure-II**, which to the best of our knowledge and belief were necessary for the purposes of audit.	I. Out of the 31 items, information and explanations in respect of 26 items, as mentioned in Annexure-II, were provided to Audit twice. In the remaining 5 items information could not be provided due to the reason that the Information were either not readily available with the division or could not be compiled in time.
	II. The Balance Sheet and Profit and Loss Account dealt with by this report have not been drawn up in the format approved by the Government of India under Section 23 of NHAI Act, 1988 and Rule 6(1)(b) of NHAI Rules 1990, as amended from time to time.	II. The format provided in 1992 does not cater to the present day accounting requirements of Authority. This has been accepted by Audit in the meeting held with the D G (Commercial-II) office of C&AG on 01.06.2021. As decided in the meeting Authority has started the process. An extensive proposal for revision of format of accounts has been submitted by Authority to MoRTH on 03.03.2022 with copy to Principal Director of Audit (Infrastructure), Delhi. MoRTH is expected to take up the matter with C&AG soon.
	III. Proper books of accounts and other relevant records have not been maintained by the Authority, in so far as it appears from our examination of such books as enumerated below: (a) As per Section 23 of the NHAI Act, 1988, the format of accounts of NHAI has been duly prescribed by the Government of India (GoI) in consultation with the Comptroller and Auditor General of India (C&AG). However, the following deviations were noticed in the accounts prepared when compared to the approved format of accounts:	III. This observation is being made for last few years. It is informed that Authority maintains all the books of accounts and relevant accounting records as required under the law. Every year, in reply to the observation Authority, is requesting Audit to indicate the specific accounting records that have not been maintained by the Authority so that the observation may be complied with. So far Audit has not informed any specific record that is not being maintained by the Authority.

S.NO.	Audit Report	Management Reply
	(i) Assets held on behalf of GoI (completed & ongoing projects) amounting to Rs. 5,70,709.31 crore are being shown as Fixed assets of NHAI, is not in consonance with the approved format of accounts and Generally Accepted Accounting Principles (GAAP) although ownership of these national highway projects lies with GoI and not with the NHAI and the same were entrusted to NHAI by GoI, for development & maintenance purposes only. The Solicitor General of India in his opinion of January 2015 reiterated the fact that NHAI is an executing agency of the GoI and ownership of the national highways vests with GoI. The accounting treatment and disclosure given by NHAI, in its Financial Statements, to national highways and related projects is also in deviation to the opinion given by the Expert Advisory Committee (EAC) of the Institute of Chartered Accountants of India(ICAI) which opined that if the NHAI was acting only as an executing agency on behalf of GoI and did not exercise any control over the roads/highways and/or future economic benefits out of such resources did not accrue to the NHAI, then, National Highways were not NHAI's Assets. Accordingly, recognizing these as its assets and recognizing them as Capital work in progress {now shown as Assets held on behalf of GoI (completed and ongoing projects)} in NHAI's Balance Sheet was not correct. Audit also noticed that another PSU, i.e. National Highways and Infrastructure Development Corporation Limited (NHIDCL) incorporated by Ministry of Road Transport & Highways (MoRTH)	(i) The format was approved by Government of India in consultation with C&AG in June 1992. As per the approved format (Schedule-5) there is a provision for presenting highway assets under Fixed Assets (completed) and Capital Work in Progress (ongoing). If the approved format was strictly followed by Authority, the road assets would have been presented under Fixed Assets in the Balance Sheet and **Fixed Assets (Roads and Bridges) and Capital Work in Progress in Schedule-5**. Further, as per the format, depreciation on road assets was also required to be charged. This presentation would have been grossly incorrect in view of the opinions expressed by Solicitor General of India and Expert Advisory Committee (EAC) of the Institute of Chartered Accountants of India, both of them have opined that NHAI is not the owner of highways and the road projects developed by NHAI are not NHAI's assets. Thus the format prescribed in 1992 is deficient to this extent. This issue was deliberated in detail in the 5-Member Committee meeting held on 9th June 2016 wherein Deputy C&AG (Commercial), Director General (Commercial-I), PDCA & Ex-officio MAB-I were also present. In the meeting it was agreed that Government of India is the owner

S.NO.	Audit Report	Management Reply
	for development and maintenance of national highways on behalf of GoI as executing agency, used to maintain its accounts on line similar to NHAI. However, after getting MoRTH directions in July 2019 in regard to transfer of completed assets by NHIDCL to GoI as per modalities decided, NHIDCL in their Balance Sheet as at 31 March 2019 onwards had netted off Assets held on behalf of GoI against the Funds received for the same. Thus, Fixed Assets of NHAI are overstated to the extent of Assets held on behalf of GoI (completed & ongoing projects) amounting to Rs. 5,70,709.31 crore recognized as NHAI's Fixed Assets. **This issue was raised in earlier year(s) also by Audit; however, no corrective action has been taken by the management.**	of assets and NHAI shall show these assets in its books of accounts as 'Assets held on behalf of GoI". Minutes of this meeting was circulated by the office of PDCA & Ex-officio MAB-I vide letter no. RS/4-2/2014-15/NHAI/A/Ac/ Vol. II/310 dated 13.07.2016. Audit would appreciate that the real issue is not that the approved format is not followed. The real issue is the format is deficient and needs to be revised. So far as comparison of NHAI with NHIDCL is concerned, NHAI is governed by NHAI Act, 1988 and the rules so framed under the Act, whereas NHIDCL is governed by Companies Act, 2013, hence netted off assets held on behalf of GoI against the fund received for the same is not feasible in case of NHAI. Thus, the fixed assets of NHAI are not overstated so long as it is presented as "Assets held on behalf of GoI (completed & ongoing)" in the Balance sheet supported by a suitable policy disclosure at serial 6 of Schedule- 18 to the effect that- "The Authority is an implementing agency of the Government of India and is mandated to develop, maintain and manage the national highways and any other highways entrusted to or vested in it by the Government. Authority is not the owner of the highways entrusted

S.NO.	Audit Report	Management Reply
		to it, therefore, pending decision on the matter, highways developed by the Authority are shown as "Assets held on behalf of GoI". So far as corrective action is concerned, an elaborate proposal for revision of format of accounts has already been submitted to MoRTH on 03.03.2022 for approval in consultation with C&AG, MoRTH has completed the scrutiny of the format, soon it will be taken up with C&AG.
2	(ii) The approved format provides that the Profit/Loss in the Profit and Loss Account is to be carried to the Balance Sheet under Reserves and Surplus. As against this, NHAI instead of arriving at Profit/Loss in the prescribed manner, computed the 'Net Establishment Expenditure' which was in actual the loss for the year and transferred the same to Assets held on behalf of GoI (completed and ongoing projects) under Fixed Assets. It was further observed that the Profit and Loss Account was being prepared in contravention to Generally Accepted Accounting Principles (GAAP) also which states that the expenditure of revenue nature cannot be booked to completed projects and instead should be routed through Profit and Loss Account, however, NHAI capitalised the entire amount of Rs. 497.90 crore with respect to Net Establishment Expenses for the year. **This issue was raised in earlier year(s) also by Audit; however, no corrective action has been taken by the management.**	(ii) Authority is not the owner of Highways developed by it. Therefore, on the same principles, the highway assets cannot be shown as assets of Authority, the surplus/deficit in the P&L Account cannot be carried to the Balance Sheet under Reserves and Surplus. *Treatment of surplus/deficit in the P&L Account is based on the provisions of Significant Accounting Policy No. 6 (Schedule-18) and consistently being followed for last many years. This policy stipulates that-* *"Assets held on behalf of GoI" include direct costs like DPR, land acquisition, utility shifting, tree cutting, civil construction, annuity, VGF etc. and indirect costs such as interest and issue expenses on market borrowings / loans availed by the Authority for highways,* ***net establishment expenditure after setting off the income*** *and interest earned on deposit, loans, advances and receipts from ongoing projects as shown in Schedule 5".*

S.NO.	Audit Report	Management Reply
3	(b) The borrowing cost on completed projects, in contravention to GAAP is not being routed through Profit & Loss Account. Borrowing costs amounting to Rs. 20,025.30 crore have been adjusted, during 2020-21, from Assets held on behalf of GoI (completed & ongoing projects) without differentiating between completed and ongoing projects. As NHAI is not maintaining project-wise details, Audit could not verify the correctness of Borrowing Costs amounting to Rs. 20,025.30 crore allocated to Assets held on behalf of GoI (completed & ongoing projects) during 2020-21 and the total Borrowing Costs amounting to Rs.68,948.63 crore allocated to completed and ongoing projects till date. **This issue was raised in earlier year(s) also by Audit; however, no corrective action has been taken by the management.**	(b) Annual Financial Statements 2019-20 were prepared after incorporating major policy changes and allocating indirect (establishment and finance) costs to projects, taking unallocated costs (completed projects share) to P&L account, capitalizing completed projects and charging depreciation on the completed projects and submitted to Audit in Oct 2020 for issuance of Audit Report. Audit of accounts continued till May 2021 and in June 2021 in a meeting between Member (F), DG (Commercial-II) and PDCA it was decided that the capitalization, depreciation and cost allocation shall be reversed. Accordingly, after reversal of more than 16,000 entries, which inter alia included reversal of completed projects share of borrowing cost which was debited to P&L Account, Annual Financial Statements 2019-20 (Revised) were prepared and submitted to Audit. Project wise allocation of borrowing cost is still available on NHAI portal and can be verified from there.
4	**IV We further report that:** **(A) Balance Sheet** **(1) Sources of Funds** **(1.1) Shareholders' Fund** **Capital (Schedule 1): Rs. 2,61,113.53 crore**	

S.NO.	Audit Report	Management Reply
	(i) As per the approved Format of Accounts, the Grants-in-Aid received for maintenance of highways and expenditure incurred thereon should be accounted for in Profit and Loss Account. However, NHAI deviated from this and has adjusted the maintenance grant and expenditure incurred on maintenance of highways against Capital Account (Plough back of Toll Remittance, etc.). During the year, NHAI incurred total expenditure of Rs.3,757.76 crore on maintenance of highways (Rs.1,780.78 crore) and toll collection activities (Rs. 1,976.98 crore). Against this, during the year 2020-21, MoRTH released a grant of Rs.400 crore for maintenance of highways. After adjusting Rs.37.42 crore of 'Other Receipts from Operation & Maintenance (O & M) of Highways', balance amount of Rs.3,320.34 crore, has been set off against the Shareholder's Fund. This has resulted in understatement of Loss for the year and Shareholder's Fund/ Capital by Rs.3,320.34 crore. **This issue was raised in earlier year(s) also by Audit; however, no corrective action has been taken by the management.**	*(i) Authority is not the owner of Highways developed by it. Therefore, on the same premises on the basis of which highway assets cannot be shown as assets of Authority, the grants received for maintenance of Highways cannot be credited to P&L account as income of the Authority.* Treatment of Grant is based on the provisions of Significant Accounting Policy No. 9 (Schedule-18) and consistently being followed for last many years. This policy stipulates that- "Expenditure on Maintenance of Highways and toll collection activities, after setting of maintenance grant received from GoI for maintenance of highways is reduced from plough-back of toll remittances and shown as capital (Schedule-I) under additional budgetary support-plough back of toll remittance".
5	**(1.2) Borrowings (Schedule 4): Rs. 3,07,162.61 crore** (i) As per Rule 9 (Reserve Fund) of NHAI Rules, 1990 for every loan raised by NHAI not being a loan repayable before expiration of one year from the date of the loan, the Authority shall set apart a sum half yearly out of its income in the Reserve Fund, sufficient to liquidate the loan within a period which shall not in any case exceed thirty years. NHAI might apply the whole or any part of the sums accumulated in the Reserve Fund in or towards the discharge of the	(i) As per the provisions of Rule 9, of NHAI Rules 1990, reserve is required to be created out of income of Authority. NHAI being an executing agency of Government of India, does not have any source of income. In absence of any income, it is not possible to create Reserve Fund by setting apart a sum on half yearly basis, for liquidating the loans.

S.NO.	Audit Report	Management Reply
	loan liabilities for repayment for which the fund was established. Provided that Authority paid into the Fund each year and accumulated until the whole of the money borrowed was discharged, a sum equivalent to the interest which would have been produced by the Reserve Fund or part of the Reserve Fund so applied. As on 31 March 2021, an amount of Rs. 3,07,162.61 crore was payable by NHAI, to bond holders of Capital Gain Tax Free Bonds-54EC, Tax free Secured Redeemable Non-Convertible Bonds, Taxable Bonds, Rupee Denominated Offshore (Masala) Bonds, Loan from Asian Development Bank, State Bank of India, Punjab National Bank and National Small Savings Fund. In compliance to Rule 9 (Reserve Fund) of NHAI Rules, 1990, no Reserve Fund has been created by NHAI to liquidate its long-term borrowings within thirty years. **This issue was raised in earlier year(s) also by Audit; however, no corrective action has been taken by the management.**	Based on the provisions of Act and the observations made by C&AG, GoI, while approving the Asset monetization through InvIT, has directed NHAI to ring fence the InvIT proceeds generated from monetization of NHAI projects towards repayment of debts and/ or interest /creation of Reserve Fund.
	(ii) A reference is invited to the Format of Accounts prescribed by GoI in consultation with C&AG of India whereby the Borrowings were classified under Secured Loans and Unsecured Loans on the face of the Balance Sheet. However, in the Balance Sheet of NHAI approved by the Board for the period ending 31 March 2021, the borrowings have not been classified into Secured and Unsecured Loans. Thus, Borrowings are not shown as per the approved Format of Accounts.	(ii) In the Format of Accounts approved in 1992 by C&AG, Borrowings have been classified as Secured Loans (Schedule-3) and Unsecured Loans (Schedule-4). As no schedule is provided for Grants, Grants are represented under Schedule-3 and combined borrowings (Secured and Unsecured) are presented in a combined manner on the face of Balance Sheet, with detail segregation under Secured and Unsecured Loans in the Schedule-4.

S.NO.	Audit Report	Management Reply
		With effect from FY 2021-22 the break-up of borrowings "Secured" and "Unsecured" shall be shown on the face of the balance sheet.
6	**(2) Application of Funds:** **(2.1) Fixed Assets:** **Assets held on behalf of GoI (Schedule 5), Rs.5,70,821.06 crore** (i) The above head includes an amount of Rs.136.60 crore being the cost incurred on construction of second office building for NHAI at Dwarka, Delhi. The construction of building was completed on 30 September 2020 and put to use. Since this is asset of NHAI and not part of CWIP-ongoing project (road and bridge), it should have been capitalized as Building of NHAI. Further depreciation for the year 2020-21 (from the date of put to use to 31 March 2021) should also have been provided for in the books of accounts. However, the same has not been done. This has resulted in overstatement of Assets held on behalf of GoI by Rs.136.60 crore, understatement of Fixed Assets (Net Block) by Rs.129.77 crore and understatement of Loss by Rs 6.83 crore.	(i) During the period of construction, projects are shown under Capital work in progress series (Group GLC 3300) and on completion they are transferred to respective series of Fixed Assets (Group GLC 3000). During the current financial year the cost of second office building has been capitalized (JV No. 2021000382 dated 22.11.2021) and transferred from GLC 3307 Buildings under CWIP series to GLC 3003 Buildings under Fixed Assets series. Depreciation, as per accounting policy, from the date it has been put to use, amounting to Rs.3.41 crore has also been charged at the end of FY 2021-22.
	(ii) Capital reserves are created out of capital profits and are a part of the Reserve and Surplus. However, an amount of Rs.3469.89 crore being the Capital Reserve was transferred and adjusted/subtracted in the Schedule-5 "Fixed assets and assets held on behalf of Government of India". This has resulted in understatement of 'Reserves and Surplus' and 'Fixed assets and assets held on behalf of GoI' by Rs.3469.89 crore.	(ii) Attention is invited to the provisions of accounting policy no. 6, which is consistently being followed by the Authority. The policy provides as under- **Assets held on behalf of Government of India (GOI)** The Authority is an implementing agency of the Government of India and is mandated to develop, maintain and manage the national highways and any other highways entrusted to or vested in it by the Government. Authority is not the

S.NO.	Audit Report	Management Reply
		owner of the highways entrusted to it, therefore, pending decision on the matter, highways developed by the Authority are shown as "Assets held on behalf of GoI". "Assets held on behalf of GoI" include direct costs like DPR, land acquisition, utility shifting, tree cutting, civil construction, annuity, VGF etc. and indirect costs such as interest and issue expenses on market borrowings / loans availed by the Authority for highways, net establishment expenditure after setting off the income and interest earned on deposit, loans, advances and receipts from ongoing projects as shown in Schedule 5. As NHAI is not the owner of the Highways being developed, maintained and managed by it. Therefore, while arriving at the value of Assets held on behalf of GoI, net establishment expenditure after setting off the income and interest earned on deposit, loans, advances and receipts from ongoing projects (i. e. capital reserve) are deducted from the total cost of the highway projects. Thus, there is no understatement of Reserves and Surplus and assets held on behalf of GoI.
	(iii) As per Rule 230(8) of General Financial Rules (GFR) 2017 "All interests or other earnings against Grants in aid or advances (other than reimbursement) released to any Grantee institution should be mandatorily remitted to the Consolidated Fund of India (CFI) immediately after finalisation of the accounts. Such advances should not be allowed to be adjusted against future releases."	(iii) Accounting Policy of NHAI is based on the provisions of Section 18 of NHAI Act, 1988 which inter alia provide that all grant or aid received by the Authority, loan taken by the Authority or any borrowings and other sums received by the Authority are credited to common fund which is utilized for meeting expenses of the Authority.

S.NO.	Audit Report	Management Reply
	NHAI earned interest on unutilized capital of Rs. 1976.38 crore during the financial year 2020-21. However, interest earned on Grants in aid or advances (other than reimbursement) released to NHAI, has not been remitted to CFI which was in contravention of GFR 2017. This has resulted in understatement of Current liability (Payable to GoI Consolidated Fund of India) and understatement in Fixed Assets to the extent of interest earned on grant received during the year. Further, interest earned on Grant received during 2017-18 to 2019-20 has also not been reconciled and deposited in CFI. In this context, a reference is also invited to NHAI accounting policy no.3 which stipulates that "Interest earned on the unutilized grant is credited to interest on unutilized capital." This accounting policy is deficient and is in contravention and violation of provisions of GFR.	As the provisions of Rule 230 (8) of GFR is in contrast to the provisions of NHAI Act 1988, by which the Authority is constituted, changing the Accounting policy in line with the provisions of Rule 230 (8) of GFR appears to be uncalled for. However, feasibility of implementation of the observation made by Audit shall be examined.
6	**(2.2) Current Assets, Loans and Advance (Schedule 7): Rs. 51,863.43 crore** (i) The above includes Rs. 11,207.86 crore being the amount recoverable from MoRTH on account of payment made by NHAI to various State Governments Agencies, as per directions of MoRTH, for development of various National Highways Projects, under NHDP-III, NHDP-IV and NH (O) (VGF) Schemes of MoRTH. MoRTH categorically denied (June 2018) to make good these recoverable and clarified that no separate funds would be released to NHAI for such recoverable and the same has to be met by NHAI from its overall resources. Still these recoverable are appearing in books of NHAI in spite of no assurances received from MoRTH. This has resulted in overstatement of Current Assets, Loans and Advance by Rs. 11,207.86 crore.	(i) Payment for development of NHDP phase-IV projects have been made out of the fund provided by Government of India. In absence of any specific accounting guidelines from MoRTH it has been shown as "Recoverable from MoRTH". MoRTH vide letter dated 10th September 2018 has stopped the earlier arrangement and decided that NHAI shall not release any payment to contractors if projects are not being executed by NHAI directly. Thus, the present treatment of expenditure as "Recoverable from MoRTH" is correct. NHAI intends to take appropriate decision on accounting of above expenditure in consultation with MoRTH.

S.NO.	Audit Report	Management Reply
	This issue was raised in earlier year(s) also by Audit, however, no corrective action has been taken by the management.	Accordingly, letter dated 03.02.2020 (copy submitted to Audit) and letter no. 122315 dated 20.12.2021 have been written to MoRTH to reimburse Rs. 11,207.86 crore or issue necessary direction for accounting/adjustment of the same. Till the time the amount is reimbursed or a decision is taken by MoRTH, it is appropriate to show this amount in the books of Authority as "Recoverable from MoRTH".
7	(ii) The above includes an amount of Rs.312.40 crore disbursed as loan by NHAI to three of its subsidiaries viz. Ahmedabad-Vadodara Expressway Company Limited (AVEXCL), Moradabad Toll Road Company Limited (MTRCL) and Cochin Port Road Company Limited (CPRCL). In view of NHAI Board's in-principle approval, during 2018-19 to wind up these subsidiaries, and provision being already made for diminution in value of entire investment of Rs.403.11 crore in these three subsidiaries by NHAI, the loan of Rs.312.40 crore should also have been provided for in the books of NHAI. This has resulted in overstatement of Current Assets, Loans and Advance and understatement of Loss by Rs.312.40 crore. **This issue was raised earlier also by Audit, however, no corrective action has been taken by the Management.**	(ii) As per the decision taken by Government of India, CPRCL has been renamed as National Highways Logistic Management Limited (NHLML) for implementing Multi Modal Logistics Parks (MMPLs). This SPV is to be consolidated with eight other SPVs of NHAI. So far as MTRCL and AVEXCL are concerned, MTRCL has already been winded up and AVEXCL is under the process of winding up. The issues pointed out by audit shall be taken care of at the time of consolidation / winding up.
8	**(2.3) Current Liabilities and Provisions** **Liabilities (Schedule 8): Rs.42,285.08 crore** (i) The above does not include Rs. 40.54 crore due to non-creation of liabilities on account of various services viz. Traffic Survey, Wayside Amenities, Road User Helpline, Citizen Centric App-You Report, Time and Motion Study rendered by Indian Highways Management Company Limited	(i) So far as non-provisioning for liabilities on account of various services provided by IHMCL to NHAI viz. Traffic Survey, Wayside Amenities, Road User Helpline, Citizen Centric App-You Report, Time and Motion Study up to 31 March 2021 and payable to IHMCL

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	(IHMCL) to NHAI up to 31 March 2021 and payable to IHMCL. This has resulted in understatement of Current Liabilities and Provisions and Expenditure of Toll Collection Activities by Rs.40.54 crore.	are concerned, it is intimated that expenditure on these items are met by IHMCL out of the monthly advances payable to them by NHAI for providing these services. Therefore, provision for payment has not been considered.
	(ii) An agreement was entered (20 November 2017) into between Ministry of External Affairs (MEA) and NHAI for Project Management & Consultancy (PMC) services for construction/ upgradation of the Kalewa Yargi Road section, a trilateral highway in Myanmar. As per terms of the agreement, up to March 2021, MEA has released Rs. 401.25 crore to NHAI in five instalments. NHAI released Rs. 360.54 crore for the project up to March 2021. The contractor of the projects has submitted 15 Stage payment statements with a cumulative amount of Rs. 353.42 crore. However, NHAI has not adjusted Rs 353.42 crore being the amount spent on the project from the amount received of Rs 401.25 crore. This has resulted in overstatement of Current Liabilities and Provisions by Rs.353.42 crore and overstatement of Current Assets, Loans & Advances to the same extent.	(ii) Amount received from Ministry of External Affairs, Government of India for construction/upgradation of the Kalewa Yargi Road section is credited to GLC 2508 Advance for Deposit Work for Myanmar Project (EPC Expenditure) and GLC2509 Advance for Deposit Work for Myanmar Project (PMC Expenditure) respectively. On the basis of requisition received from Myanmar Unit, amount paid to them is booked under GLC 4503 as Other Advances. Adjustment of advances booked under GLC 4503 is yet to be carried out in the books of NHAI HQ. Observation made by audit is noted for compliance.
	(iii) An agreement was entered (20 November 2017) into between MEA and NHAI for PMC services for construction/ upgradation of the Kalewa-Yargi Road section, a trilateral highway in Myanmar. As per agreement, remuneration of the NHAI was 6 *per cent* of the estimated cost or tendered cost, whichever is lower. NHAI was to receive 1 *per cent* of the estimated cost or tendered cost whichever is lower at the time of award of work and signing of the contract with contractor. Apart from this, 1 *per cent* of estimated cost or tendered cost whichever is lower was to be received on fixing of the appointed date.	(iii) It is a deposit work being carried out by NHAI on behalf of Ministry of External affairs as per the agreement entered in between NHAI, and MEA. This being a deposit work on behalf of other entities, accounting of receipts and payments are made on cash basis. Therefore, accounting entry for provision for receipt of remuneration has not been considered.

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	Rest 4 *per cent* will be receivable based on progress. The contractor has started the construction work and submitted 15 Stage payment statements cumulating to Rs 353.42 crore. Although the work has been started and Rs. 360.54 crore has been paid to contractor, NHAI did not account for the remuneration in the books of accounts as per the agreement. This has resulted in understatement of income, overstatement of Loss and overstatement of Current Liabilities and Provisions (Payable on Kalewa-Yargi Project at Myanmar) by Rs. 37.67 crore.	
9	**(2.4) Provision (Schedule-9) Rs. 87.13 crore** (i) The above head does not include the provision for diminution in the value of investment of the various subsidiary companies of NHAI. NHAI Board in its 128th meeting (16 August 2018) has given in principle approval for winding up of Calcutta Haldia Port Road Company Limited, Chennai Ennore Port Road Company Limited, Tuticorin Port Road Company Limited, Paradeep Port Road Company Limited and New Mangalore Port Road Company Limited for which provision for reduction in the value of capital/investment has not been made in the books of accounts. Thus, suitable provisions on the investments needs to be made by NHAI. (ii) The above head does not include provision for diminution in the value of investment for Rs. 403.11 crore in respect of Ahmedabad Vadodara Expressway Company Limited, Moradabad Toll Road Company Limited and National Highways Logistic Management Limited (formerly CPRCL). As against the approved format of accounts, instead of showing the provision separately under the head 'Current Liabilities and Provision', the same was adjusted against the	(i) NHAI Board has given in-principle approval for winding up of SPVs of NHAI, however, before the decision of the Board could be implemented, Government of India decided to form an Umbrella SPV (Company) for implementation of Multi–Modal Logistics Parks (MMLPs) and connectivity thereof, highway connectivity to Ports and other associated miscellaneous work. According to this decision all projects pertaining to MMLPs, Connectivity to Ports and MMLPs have been entrusted to Cochin Port Road Company Limited (CPRCL) by changing its name to National Highways Logistic Management Limited (NHLML), transferring the equity of NHAI in CPRCL to the new company. Eight existing SPVs of NHAI are to be merged with this new company by transferring the shares held by NHAI at "Fair Market Value". The process is underway therefore, provision for deduction in the value of capital/investment have not been considered.

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	investment during 2016-17. Further, in contravention of General Accepted Accounting Principles, instead of creating the provision from P&L Account the same was created out of Capital Account in that year. This has resulted into understatement of Investment, understatement of 'Current Liabilities and Provisions', understatement of Loss and understatement of Capital Account by Rs.403.11 crore.	(ii) Provision for diminution in the value of investment in three subsidiaries of NHAI viz. Ahmedabad-Vadodara Expressway Co. Ltd., Cochin Port Road Company Ltd. and Moradabad Toll Road Co. Ltd was created in the financial year 2016-17 by debiting P&L Account. In this regard attention is invited to Accounting Standard 13 which inter alia provides that Long-term investments must always be carried in financial statements at their cost. But, when there's a decline, apart from temporary, in value the long-term investment, carrying amount is reduced for recognizing such decline. In line with Accounting Standard 13, provision of Rs. 403.11 crore for diminution in the value of Investments is set off against Investments in Schedule-6. Thus, Provisions are not understated. So far as understatement of Capital is concerned, NHAI is an executing agency of Government of India therefore diminution in the value of investment is erosion of capital provided by Government of India and therefore has rightly been shown as reduction from capital. Thus, there is no understatement of Capital.

<table>
<tr><th>S.NO.</th><th>Audit Report</th><th>Management Reply</th></tr>
<tr><td>10</td><td>(iii) Following head of accounts understated by Rs.1198.83 crore due to non/short provisioning of liabilities towards:
<table>
<tr><td>A</td><td>Compensation payable for acquisition of land despite issue of 3D Notification / 3G award by CALA award.</td><td>622.34</td></tr>
<tr><td>B</td><td>Amount payable to GoI in respect of short remittance of toll/interest thereon by contractor/concessionaire</td><td>29.25</td></tr>
<tr><td>C</td><td>Amount payable to Contractor/Concessionaire in respect of Construction work done</td><td>330.55</td></tr>
<tr><td>D</td><td>Amounts payable to the Contractor / Concessionaire / utility department for utility shifting</td><td>68.84</td></tr>
<tr><td>E</td><td>Amounts payable to the Contractor / Concessionaire for maintenance of work done</td><td>9.62</td></tr>
<tr><td>F</td><td>Amounts payable to the Contractor / Concessionaire on account of Bonus / Annuity payment.</td><td>104.3</td></tr>
<tr><td>G</td><td>Amounts payable to consultants for supervision work and DPR preparation</td><td>9.03</td></tr>
<tr><td>H</td><td>Other Liabilities</td><td>24.9</td></tr>
<tr><td colspan="2">Total</td><td>1198.83</td></tr>
</table>
This has resulted in understatement of Assets held on behalf of GoI by Rs.1111.34 crore, Recoverable from Contractors/ Concessionaires by Rs.77.87 crore, and Expenditure on Maintenance of Highways by Rs.9.62 crore,</td><td>(iii) Audit has not provided unit wise details of the observations in respect of sl. A to H. In absence of such details, the issue could not be examined and verified. However, a general instruction has been issued to units to be more careful in future.</td></tr>
</table>

S.NO.	Audit Report	Management Reply
11	**(B) Profit and Loss Account:** **1. Income** **Other Income (Schedule 11) - Rs 27.81 crore** (i) The above head does not include an amount of Rs 1136.06 crore being the agency charges for 2020-21 which was not accounted for in the books of accounts. Agency charges were introduced in NHAI as per the practice followed by State Public Works Department under 'Agency System' who were executing the National Highway Projects prior to coming into existence of NHAI. NHAI is the implementing agency of GoI and no bills or invoices have been raised on GoI for agency charges. Non accounting of agency charges in the books of account has resulted in understatement of Income, overstatement of Loss and understatement of Current Assets, Loans and Advances by Rs 1136.06 crore for the current year by the same amount. Audit also noticed that NHIDCL, incorporated by MoRTH for development and maintenance of national highways on behalf of GoI as executing agency, recognizes agency charges as its income as per the defined rate on the expenditure incurred.	(i) Significant Accounting Policy no. (13) provides is as under – **Agency Charges** "Agency charges on the value of various projects executed w e f 1/4/2008 is recognized notionally at the following rates- a) 1% on all capital works projects, including on the total expenditure on BOT and Annuity projects; b) 9% on the expenditure on maintenance of highways directly done by NHAI; c) 2% on the expenditure on maintenance of highways carried out through the State Public Works Departments. Agency charges are accounted for through a Memorandum Account. All establishment expenditure, after setting off the income, is appropriated against the Agency Charges through a Memorandum Account and disclosed in the Notes to Accounts". Accordingly, since 01.04.2008 agency charges are consistently being calculated and accounted for through a Memorandum Account. Thus, there is no question of understatement of income or overstatement of loss.
12	**2. Prior Period Items (net) (Schedule 17) – Rs. (30.64) crore** The above head does not include an amount of Rs 3741.57 crore being the agency charges for which invoices are not raised by NHAI on MoRTH and not accounted for in the books of accounts for the period prior to 31 March 2020.	As per the Significant Accounting Policy no. 13 (Schedule-18), w e f 01.04.2008, Agency Charges are not part of books of accounts therefore are notionally recognised through a memorandum account and disclosed in the Schedule-19 of financial Statements.

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	This has resulted in understatement of above head, overstatement of accumulated losses and understatement of Current Assets, Loans and Advances by Rs 3741.57 crore. Audit also noticed that NHIDCL, incorporated by MoRTH for development and maintenance of national highways on behalf of GoI as executing agency, recognizes agency charges as its income as per the defined rate on the expenditure incurred.	Neither any accounting entry is passed in the books of accounts nor invoices raised on MoRTH for payment. Thus, there is no question of understatement of Agency charges and overstatement of losses.
13	**(C) Notes on Accounts (Schedule 19)** (i) Contingent Liability is understated by Rs 1705.10 crore on account of claims of land compensation and claims relating to various projects. Thus, Note No. 26 pertaining to disclosure of Contingent Liability is deficient to that extent. (ii) As per para 66 of the AS 29, for each class of provision, an enterprise should disclose: a) The carrying amount at the beginning and end of the period. b) Additional provisions made in the period, including increases to existing provisions. c) Amounts used (i.e., incurred and charged against the provision) during the period; and d) Unused amounts reversed during the period. As per Schedule-9, NHAI has made provision for taxes, gratuity, leave salary and other provisions, however no such disclosure in line with the requirement of AS-29 has been made in the Notes forming part of the Financial Statements.	(i) Copy of supporting document or the half margin related to this issue has not been provided by Audit. Therefore, the observation could not be verified. (ii) This observation pertains to provision for taxes, gratuity, leave salary and other provisions aggregating Rs 87.13 crore, as shown in Schedule–9. Audit has pointed out that disclosure in respect of these provisions have not been made as stipulated in para 66 of Accounting Standard 29. In this regard attention is invited to para 4.3 of preface to the Statements of Accounting Standards which provides that- "Accounting Standards are intended to apply only to items which are material". As the value of these provisions (Rs. 87.13 crore) is not material in comparison to the total project expenditure (Rs. 1,07,817.33 crore) of NHAI for Financial year 2020-21, therefore, disclosure on the lines stated in the observation has not been considered.

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	(iii) Accounting Standard-18 stipulates that if there have been transactions between related parties, during the existence of a related party relationship, the reporting enterprise should disclose certain information i.e.(a) the name of the transacting related party, (b) a description of the relationship between the parties, (c) a description of the nature of transactions, (d) volume of the transactions either as an amount or as an appropriate proportion, (e) any other elements of the related party transactions necessary for an understanding of the financial statements, (f) the amounts or appropriate proportions of outstanding items pertaining to related parties at Balance Sheet date and provisions for doubtful debts due from such parties at that date; and (g) Amounts written off or written back in the period in respect of debts due from or to related parties. No such disclosure has been made in the Notes forming part of Accounts by NHAI. It was observed that National Highways Infra Project Private Limited (NHIPPL), wholly owned subsidiary of NHAI, entered into five concession agreements with NHAI to operate, maintain and transfer the five toll road projects under Toll Operate and Transfer (TOT) mode on 30 March 2021. As per the agreement, NHIPPL will pay one-time lump sum payment of Rs. 7350.40 crores to NHAI, and in return NHIPPL will get toll collection rights for the five toll road projects from NHAI.	iii) Authority is preparing its financials since FY 1994-95. Accounting Standard 18 came into existence w e f 01.04.2001, however the issue of disclosure of related party transaction was not raised by Audit during the last twenty years. As we do not had anything to disclose for FY 2020-21 no disclosure was made. Audit was requested to point out transaction which qualifies for related party disclosure so that necessary action for compliance may be taken. We have not received any response from Audit. NHAI has an investment of Rs. 10.00 lakh in the National Highways Infra Project Private Limited (NHIPPL), which is a very small percentage (not even 0.001%) of the total investment of NHAI i. e. Rs. 2,04,597.37 lakh as on 31.03.2021 in its subsidiaries, therefore, based on materiality concept, disclosure in respect of a future event of a subsidiary company, where NHAI has a very insignificant holding, was not considered a material disclosure.

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	Further, during the financial year 2020-21, NHAI has invested Rs.11 crore in National Highways Infra Investment Managers Private Limited (NHIIMPL) and Rupees one crore in National Highways InvIT Project Managers Private Limited (NHIPMPL). However, these disclosures have not been given in notes to accounts for better understanding and appreciation of the users of the financial statements.	
	(iv) According to GAAP, all significant event which has a bearing on the financial statements should be disclosed in the notes forming part of the accounts. During the financial year 2020-21, NHAI suffered an estimated loss of toll revenue of Rs. 3512.62 crore and Rs 814.13 crore due to COVID-19 pandemic and farmer agitation respectively. Total estimated loss of toll revenue was Rs. 4326.75 crore. However, this disclosure has not been given in the notes to accounts.	(iv) Intimation regarding loss of toll revenue on account of COVID 19 pandemic and farmers' agitation could not be ascertained and made available to finance division in time, therefore, this could not be disclosed. This observation has been noted and will be complied in futur15
14	**(v) Capital commitments: Estimated value of work remaining to be executed.** The above does not include an amount of Rs.1236.46 crore in respect of construction cost of (i) two packages (works) of six laning of Chinna Avutupalli to Gollapudi (30.00 kms) and (ii) three laning of west side Benz Circle Flyover-EPC Mode (16.00 kms). In case of another two projects i.e. (i) construction of 6 laning of existing 4-lane road from Kalaparru to Chinaavutupalli of NH 16 including 6-lane Hanuman Junction Bypass and (ii) Construction of six laning of existing 4-lane road from Kalaparru to Gundugolanu of NH-5 in the state of Andhra Pradesh, an amount of Rs.629.38 crore being the value of remaining work to be executed has also not been included. This has resulted in non-disclosure of capital commitments of Rs.1865.84 crore.	PIU Vijayawada, in reply to half margin no. 5, has admitted that due to Covid-19 second wave the working of PIU was disturbed, therefore some of the remaining work, to be executed as on 31.03.2021 could not be included in the Annexure-M. PIU has noted this for future compliance.

<table>
<tr><th>S.NO.</th><th>Audit Report</th><th>Management Reply</th></tr>
<tr><td></td><td>(vi) Assets held on behalf of GoI includes an amount of Rs. 696 crore being the ongoing projects which have already been transferred to out-side agencies. However, this disclosure has not been given in notes to accounts for better understanding and appreciation of the users of the financial statements.</td><td>(vi) Authority will make appropriate disclosure in the notes to Accounts for FY 2021-22.</td></tr>
<tr><td></td><td>(vii) Current Assets, Loans and Advances includes Rs 1966.43 crore being the amount of advance paid to BOT contractors under the scheme of One Time Fund Infusion. The rationale, objective and modalities of scheme of fund infusion has not been disclosed in the Notes forming part of the Accounts so that the user of Financial Statements understand the ramification and implication of such scheme.</td><td>(vii) The Cabinet Committee on Economic Affairs in May 2015 had approved the proposal for one time fund infusion to revive and physically complete the languishing projects. Earlier it was applicable in respect of BOT (Toll) projects and subsequently extended to BOT (Annuity) projects.

This is applicable to projects which had achieved at least 50% physical completion and infusion of moderate funding could quickly bring the project to completion.

This will be disclosed in the annual financial statements of Authority for FY 2021-22.</td></tr>
<tr><td>15</td><td>(D) Cash Flow Statement
Cash Flow From Financing Activities
The following cash flows received from the MoRTH: -
<table><tr><th>Srl</th><th>Head</th><th>Rs. in crore</th></tr><tr><td>1.</td><td>Maintenance of Highways</td><td>400</td></tr><tr><td>2.</td><td>Plough back of toll remittances</td><td>11500</td></tr><tr><td>3.</td><td>Plough back of TOT</td><td>7262</td></tr><tr><td></td><td>Total</td><td>19162</td></tr></table>The expenditure on maintenance of highways (Rs.1780.78 crore) and toll collection activities (Rs.1976.98 crore) were adjusted against the above cash inflows of Rs.19162 crore which should have been shown separately under cash flow from financing activities in Cash Flow Statement.</td><td>The details of expenditure on maintenance of highways, toll collection activities and plough back of toll remittances have been shown separately in schedule-I and from there the net amount has been taken to the cash flow statements. Accordingly the item in the cash flow has been named “Adjusted plough back of toll remittances etc”.

Soft copy of financials statements 2020-21 (excel sheet) was provided to audit for better understanding of numbers and all the links and flow of figures across multiple sub-sheets were explained to audit.</td></tr>
</table>

S.NO.	Audit Report	Management Reply
16	**(E) General** (i) On test check basis, up to 31 March 2021, in respect of 12 Project Implementation Units (PIUs) against acquisition of 14006.9738 hectares of land for implementing the Roads and Bridges Projects on behalf of GoI, 7349.9628 hectares of land (i.e., 52.48 per cent) was mutated in the name of GoI/NHAI. These facts along with the data of land acquisition and mutation thereof in favour of NHAI have not been disclosed in the Notes to Financial Statement.	(i) With effect from FY 2021-22 a suitable disclosure in respect of mutation of land will be made in the Notes to Accounts.
	(ii) Capital-net off Toll collection, Negative Grant etc., up to 31 March 2010, amounting to Rs.6,183.56 crore has been transferred to NHAI's Capital Account without obtaining any approval of the Ministry of Finance (MoF) for the same. Suitable disclosure of the above facts needs to be made in Notes to financial statements. **This issue was raised in earlier year(s) also by Audit, however, no corrective action has been taken by the management.**	(ii) The matter is under consideration of Ministry of Finance for ex-post-facto approval. Suitable disclosure in this regard shall be made in the Notes to Accounts for FY 2021-22.
17	**(iii)** Commitments made by NHAI in prospectus issued for Tax Free Secured Redeemable Non-Convertible Bonds of Rs.10,000 crore (2011-12), Tax Free Secured Redeemable Non-Convertible Bonds of Rs.5,000 crore (2013-14), Tax Free Secured Redeemable Non-Convertible Bonds of Rs.19,000 crore (2015-16), Taxable Bonds (2018-19), Taxable Bonds (2019-20) and Taxable Bonds (2020-21) were as follows: a. All monies received out of each tranche issue of the bonds to the public shall be transferred to a separate bank account. b. Details of all monies utilized out of each tranche issue shall be disclosed under an appropriate separate head in the Balance Sheet indicating the purpose for which such monies were utilised;	(iii) As regards maintenance of separate bank accounts for receipt and utilization of NHAI Bond proceeds, Section 18 of the NHAI Act 1988 provides that Authority will have a common fund called National Highways Authority of India Fund to which all receipts including borrowed funds will be credited, as explained earlier. As there is a conflict between the prospectus and the provisions of NHAI Act 1988, NHAI sticks to the provisions of the NHAI, Act 1988 and make a disclosure to this effect in the Notes on Accounts (Schedule 19) as under -

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	c. Details of all unutilized monies out of each tranche issue shall be disclosed under an appropriate separate head in the Balance Sheet indicating the form in which such unutilised monies have been invested. However, the above commitments were not adhered to and NHAI has only given a general disclosure vide Note No. 9 (f) of Notes to Accounts wherein it is mentioned that 'All receipts of NHAI viz. Funds received from the Ministry, Market borrowings through issue of NHAI Tax free Bonds, Taxable Bonds, NHAI Capital Gains Tax Exemption Bonds under Section 54-EC, interest on surplus funds etc. are credited in the National Highways Authority of India Fund and all expenditure is met out of this Fund as per the provisions of Article 18 of NHAI Act, 1988. As such, no separate Account is maintained for utilization of NHAI Bond proceeds. This disclosure is also factually incorrect as NHAI is not maintaining any National Highways Authority of India Fund. **This issue was raised in earlier year(s) also by Audit, however, no corrective action has been taken by the management.**	"All receipts of NHAI viz. Funds received from the Ministry, Market borrowings through issue of NHAI Tax free Bonds, Taxable Bonds, NHAI Capital Gain Tax Exemption Bonds under Section 54-EC, interest on surplus funds etc. are credited in the National Highways Authority of India Funds and all expenditure is met out of this Fund as per the provisions of Article 18 of NHAI Act, 1988. As such, no separate Account is maintained for utilization of NHAI Bond proceeds". So far as National Highways Authority of India Fund is concerned all the bank accounts in which NHAI received funds for expenditure on execution and maintenance of projects through Cess, Toll plough back, NH(O), Maintenance grants, borrowings etc. taken together constitutes the National Highways Authority of India Fund.
18	(iv) A reference is invited to Note No. 24 pertaining to "Finalization of Accounts in Current Format" wherein it is stated that "The format of accounts has been approved by C&AG vide letter dated 22 June 1992. NHAI, since inception, is using this format. In the subsequent years some requirement based on minor changes have been made in the format of accounts, mainly to satisfy audit observations or to accommodate changes in accounting policies". The above note is deficient to the extent that the format being used by NHAI is not in conformity with the approved format.	(iv) The format prescribed by C&AG of India is more than 29 years old and is not in line with the opinions expressed by Solicitor General of India and Expert Advisory Committee (EAC) of the Institute of Chartered Accountants of India. Both of them have opined that NHAI is not the owner of highways and the road projects developed by NHAI are not NHAI's assets. Therefore as explained in the reply to HM no. 24, it does not cater to the accounting requirements of NHAI.

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	Further, till 2017-18, a disclosure was being given in the note that based on audit observations, amendment to the Format of NHAI Accounts was pending. However, this disclosure has also been deleted without there being any changes in format of accounts. This issue was raised in earlier year(s) also by Audit, however, no corrective action has been taken by the management.	In order to overcome this, some new line items have been added and some line items have been modified to make them more descriptive. An extensive proposal for approval of new format of accounts, in line with the decision taken on 01.06.2021, has been submitted to MoRTH on 03.03.2022 for approval in consultation with C&AG. MoRTH will soon take up the matter with C&AG.
	(v) In the note No.26(c) to the notes to accounts, instead of showing the total value of the EPC and Consultancy as Rs.86092.43 crore and Rs.2118.82 crore, these were shown as Rs.86092.43 and Rs.2118.82. **V.** Subject to our observations in the preceding paragraphs, we report that the Balance Sheet and Profit and Loss account dealt with by this report are in agreement with the books of accounts. **VI.** In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the Accounting Policies and Notes on Accounts, and subject to the significant matter stated above and other matters mentioned in Annexure I and II to this Audit Report give a true and fair view in conformity with accounting principles generally accepted in India: a) In so far as it relates to the Balance Sheet, of the state of affairs of the Authority as at 31 March 2021; and b) In so far as it relates to the Profit and Loss Account, of the Net Establishment Expenses for the year ended on 31 March 2021.	**V.** No comments. **VI.** No comments.

For and on behalf of the Board of the Authority

Place : New Delhi
Date : 06.07.2022

Member (Finance)

Chairperson

Annexure I

(To the Audit Report on the Accounts of National Highways Authority of India for the year 2020-21)

S.No.	Audit Report	Management Reply
(1)	**Internal Audit System** For the purpose of evaluation of internal audit system, a questionnaire was issued to management for their response. Based on the same, the following observations were noticed in audit: (i) Internal Audit System of NHAI needs to be strengthened further to commensurate with the size of the organization. (ii) There is no Internal Audit Plan (IAP) based on risk analysis and assessment for the audit of PIUs, ROs and Headquarter office. (iii) Internal audit division is part of the finance and accounts department and not a separate one. So, there is lack of independence of internal audit division. (iv) The head of the Internal Audit Department reports directly to the Member (Finance) and not to the Chairman of NHAI or Chairman Audit Committee. (v) There is no sanctioned strength of the Internal Audit division. (vi) The Term of Reference/scope of audit for internal audit does not include the audit of technical aspects of road construction. (vii) There is no time limit fixed to issue the observations/ para's/ report to the concerned division by the internal audit department/external audit firms. (viii) No follow up action has been initiated by the concerned divisions on the audit observations issued during 2020-21. (ix) Internal Audit reports submitted by external audit firms has not been commented on weak monitoring, poor implementation, failure to follow the approved procedures, violation of rules and regulations.	(1) Issues related to Internal Audit System of NHAI is being examined in the Internal Audit Division for incorporation/ adoption.

S.No.	Audit Report	Management Reply
(x)	The financial statements prepared by Finance and Accounts department of NHAI were not examined by the internal audit department.	
(xi)	No IT audit or system audit of the Application software AFMS has been conducted by NHAI.	
(2)	**Internal Control System**	
(i)	NHAI PIU-Bathinda released payment of Rs. 1.83 crore to M/s Bathinda State Forest Development Corporation Limited on 26 June 2020. The same has been booked under CWIP Tree Cutting and Afforestation. On 31 March 2021, a rectification entry was passed and the payment was booked as expenditure under and credited in HO. Due to this, Liability for civil works (Road & Bridges) is showing negative balance of Rs. 1.83 crore on 31 March 2021. This has resulted in overstatement of HO and understatement in Liability for civil works (Road & Bridges) by Rs. 1.83 crore. Audit also noticed that there was difference of Rs. 1.83 crore between the Trial Balance submitted to NHAI HO and Trial Balance extracted from AFMS. The accounting entry was made twice in the books of accounts.	(i) The accounting entry was made twice by PIU inadvertently. The same has since been rectified vide JV No. 2021000219 dated 30.09.2021.
(ii)	As per the Trial Balance of NHAI-PIU, Kozhikode for the year ending 31 March 2021, the total closing balance of three IndusInd Bank accounts and two Kotak Bank accounts amounted to Rs.30.79 crore and Rs.203.37 crore respectively. Though the closing balances of these bank accounts as per confirmation received from these banks was zero, NHAI-PIU, Kozhikode has not reconciled these bank accounts.	(ii) Observation made by Audit has been taken up for examination and streamlining the existing system of limit creation, payment, accounting and reconciliation of CALA Accounts.

<table>
<tr><th>S.No.</th><th>Audit Report</th><th>Management Reply</th></tr>
<tr><td></td><td>(iii) In the books of accounts of NHAI, following amounts are lying un-reconciled for long period as detailed below:

(Rs. in crore)
<table><tr><th>S. No.</th><th>Details/Heads of account</th><th>Amount</th><th>Period</th></tr><tr><td>(i)</td><td>Advance given against deposit work</td><td>1070.93</td><td>2003 to 2020</td></tr><tr><td>(ii)</td><td>Advances given for maintenance of highway</td><td>382.40</td><td>2003 to 2020</td></tr><tr><td>(iii)</td><td>Claims recoverable</td><td>8656.79</td><td>2003 to 2020</td></tr></table></td><td>(iii) The exercise of examination of various ledger accounts, reconciliation of balances and consequent corrections in various ledger accounts is a continuous process and are being carried out at NHAI HQ as well as field unit level.

Some of the cases of reconciliation of ledger accounts are more than 18 years old and all the related records in respect of these transactions are not readily available.

Further, at the time of switch over to computerized accounting, balances under some of the ledger accounts were taken as a consolidated opening balance without capturing activity wise/party wise break up. This has made subsequent adjustment of advances difficult.

However, on the basis of available physical records adjustments as far as possible are being made. Efforts are on to further reduce the outstanding balances.</td></tr>
<tr><td></td><td>(iv) For the purpose of evaluation of internal control system comprising of internal checks, a questionnaire was issued to management for their response. Based on the same the following observations were noticed in audit:

a. NHAI does not have an accounting manual for preparation and presentation of financial statements.

b. NHAI has not formulated and implemented a Risk Management Policy (RMP).

c. NHAI has not formulated a hedging policy to mitigate and minimize the foreign exchange losses.</td><td>(iv) Point wise reply is submitted as under-

a. NHAI Works Manual was prepared in the year 2006. Since the issue of this manual lot of changes have taken place in the accounting requirements of NHAI. In order to make up for this NHAI has recently taken up the process of preparation of Master Circular.

b. This has been referred to Admin Division for examination and further necessary action, if any.

c. This issue shall be examined and action as deemed appropriate shall be taken.</td></tr>
</table>

S.No.	Audit Report	Management Reply
d.	NHAI does not have a code of conduct for all Board members and senior management.	d. Board Members are appointed by the Government of India therefore NHAI does not have any role in this matter.
e.	NHAI does not have an approved fraud detection and prevention procedures and policies.	e. This issue shall be examined and action as deemed appropriate shall be taken.
f.	The ERP system has not been implemented completely in NHAI. As apprised by management ERP is partly implemented in respect of some administration and HR related modules only and rest of the modules are yet to be utilized and implemented.	f. This is being examined in the IT Division.
(v)	National Highways Fee (Determination of Rates and Collection) Rules 2008, as amended in January 2011 stipulated that after recovery of the capital cost of the public funded projects through user fee, the fee leviable would be reduced to 40 per cent of the user fee. MoRTH issued (24 January 2013) guidelines on the method of working out of capital cost. As per guidelines, NHAI was required to prepare project-wise Balance Sheet and Cash Flow Statement from April 2013 onwards. However, NHAI in non-compliance to MoRTH guidelines failed to prepare project-wise Balance Sheet and Cash Flow Statement, making computation of capital cost and resultant reduction of user fee to 40 per cent not possible. This issue was raised in earlier year(s) also by Audit; however, no corrective action has been taken by the management.	(v) As explained earlier, neither Ministry has issued any direction to NHAI for preparation of project wise balance sheet & cash flow statement nor the Significant Accounting Policy of NHAI provide for preparation of project wise balance sheet. Another basic requirement for project wise balance sheet is the system of project wise funding. As the funds are not allocated on project wise basis and the borrowings are also not project specific, therefore preparation of project wise balance sheet and cash flow statement from April 2013 onward might not be presently feasible. Further, the Institute of Chartered Accountants of India has advised that while it may be useful to maintain project wise record of expenses for cost accounting and management purposes, it may not be necessary for accounting and financial reporting purposes.
(vi)	NHAI has Rs 39,319.39 crore being the amount deposits, loan and advances given by NHAI. It was apprised by the management that confirmation letters were issued to Indian Highways Management Company Limited (IHMCL)	(vi) The observation made by Audit has been noted. The matter will be examined and corrective measures shall be taken in the current financial year.

S.No.	Audit Report	Management Reply
	(Rs 3.41 crore) and Delhi Mumbai Expressway (DME) (Rs 137.68 crore) only. However, management failed to furnish any 'Confirmation of Balance' letters to audit regarding its Claims Recoverable, Recoverable from other Subsidiary Companies, Recoverable on account of Expenditure on Eastern Peripheral Expressways, Recoverable from MoRTH and other Recoverable and same is the position regarding payables also. **This issue was raised in earlier year(s) also by Audit; however, no corrective action has been taken by the management.**	
(3)	**System of physical verification of fixed assets** System of physical verification of fixed assets in NHAI needs to be strengthened further so as to commensurate with the size of the organization. Only Physical verification report (PVR) of IT Assets was provided to audit whereas PVR of other tangible assets has not been furnished. During review of the above mentioned PVR, audit observed the following discrepancies: - • The Physical Verification was done by the outside agencies and no representative of Finance, Administration and IT Division was appointed in the three members committee. • In most of the report, computations of quantity column, rate column and amount column were not mentioned. • The last physical verification of IT assets was conducted in 2019-20 only.	The issues raised by Audit in respect of the physical verification report of fixed assets for FY 2020-21 submitted by IT Division has been referred to IT Division for further streamlining the process and compliance with the observations made by Audit as well as the provisions of circular no. NHAI/Policy Guideline /Administration/ Finance/2019/3.4.3 dated 24.12.2019.
(4)	**System of physical verification of Inventory** There is no inventory in the books of accounts of NHAI.	No comments.
(5)	**Regularity in payment of Statutory Dues** During the period ending 31 March 2021, as reported by the management there was no instance of delay in deposit of Statutory Dues.	No comments.

Annexure II

(To the Audit Report on the Accounts of National Highways Authority of India f or the year 2020-21)

S.NO.	Audit Report	Management Reply
1	**Audit Requisition No.01 (Date of issue 22.09.2021)** **(Reminder-I 20 October 2021, Reminder-II 29 October 2021)**	
	• A copy of the approved accounting manual of NHAI for preparation and presentation of annual accounts.	• Audit was informed that NHAI works manual 2006, has become obsolete (Reply to HM no. 45) and is available on NHAI website under Resource center -> Manuals and Guidelines. (Requisition no. 1 sl. no. 2).
	• Files containing Physical Verification Report (PVR) of Fixed Assets for the year 2020-21 in respect of NHAI Headquarters.	• IT Division had submitted the physical verification report of IT Assets for FY 2020-21 directly to Audit and based on the report Audit has issued HM no. 60. (Requisition no. 1 sl. no. 8).
	• Statement showing the list of Legal and Arbitration cases as on 31.03.2021 along with the brief description and status of the case.	• Already submitted vide email dated 23.09.2021 copy of email and attachments also made available to Audit as Annexure-1A, 1C and 1D in response to reply to HM no. 59 on 08.12.2021. (Requisition no. 1 sl. no. 9).
	• Statement showing the list of contingent liabilities along with the brief particulars as on 31.03.2021.	• Already submitted vide email dated 23.09.2021 with brief particulars like - Project, RO/ State/ Division, PIU, Contractors, Amount of Claim, Counter Claim, Name of Arbitrator / Concessionaire, State/NH, Name of work, Pkg. No., Case No. Year, Petitioner, Respondent and Total Amount involved in the Petition/Appeal. Copy of email and attachments also made available to Audit as Annexure-1A, 1C and 1D in response to reply to HM no. 59 on 08.12.2021. (Requisition no. 1 sl. no. 10).
	• Files containing Agenda and Minutes of 3CGMs committee meetings held during 2020-21.	• Request was sent to concerned division, however, the detail could not be provided to Audit. (Requisition no. 1 sl. no. 13).

S.NO.	Audit Report	Management Reply
	• Statement showing the cases of theft, fraud, embezzlement, presumptive fraud, loss of assets and loss of cash etc. as came into the notice of the Management during the year 2020-21 pertaining to Headquarters office.	• Request was sent to concerned division, however, the detail could not the detail could not be provided to Audit. (Requisition no. 1 sl. no. 14).
	• Statement showing the list of capital commitments.	• Already submitted vide email dated 23.09.2021 copy of email and attachments once again made available to Audit as Annexure-1A and 1E in response to reply to HM No. 59 on 08.12.2021. (Requisition no. 1 sl. no. 17).
	• Statement showing the list of impairment of assets.	• Already submitted vide email dated 11.10.2021 copy of email and attachments once again made available to Audit as Annexure-3 and 3A in response to reply to HM No. 59 on 08.12.2021. (Requisition no. 1 sl. no. 18).
	• Files containing provision for liabilities and expenses.	• It has already been informed to Audit that no specific file exists on this matter. However, details may be seen under GL Code 1901 to 1904 in AFMS for which login ID and password were provided to Audit. (Requisition no. 1 sl. no. 20).
	Audit Requisition No.02 (Date of issue 24.09.2021)	
	• Statement showing the details of exchange losses/gains.	• Required details already submitted to Audit vide email dated 29.09.2021. Copy of email and attachments once again made available to Audit as Annexure- 4, 4A and 4B in response to reply to HM no. 59 on 08.12.2021. (Requisition no. 2 sl. no. 4).
	• Age wise and party wise details of the claims recoverable of Rs 8,65,678.87 lakh shown under deposits, Loans and Advances.	• Required details already submitted to Audit vide email dated 29.09.2021. Copy of email and attachments once again made available to Audit as Annexure- 4, 4A and 4C in response to reply to HM no. 59 on 08.12.2021. (Requisition no. 2 sl. no. 5).

S.NO.	Audit Report	Management Reply
	• Files relating to deposit of advance Income Tax (TDS) of Rs 79,695.42 lakh.	• Required details already submitted to Audit vide email dated 23.11.2021. Copy of email and attachments once again made available to Audit as Annexure- 4(a), 4A (a) and 4C (a) in response to reply to HM no. 59 on 08.12.2021. (Requisition no. 2 sl. no. 6).
	• Files relating to Loan to Subsidiary Companies.	• No specific file exists on this matter. Required details already submitted to Audit vide email dated 29.09.2021. Copy of email and attachments once again made available to Audit as Annexure- 4, 4A and 4F in response to reply to HM no. 59 on 08.12.2021. (Requisition no. 2 sl. no. 8).
	• Files relating to amount recoverable and payable to Subsidiary Companies.	• No specific file exists on this matter. Required details already submitted to Audit vide email dated 29.09.2021. Copy of email and attachments once again made available to Audit as Annexure- 4, 4A, 4G and 4H in response to reply to HM no. 59. (Requisition no. 2 sl. no. 9).
	• Files relating to amount recoverable from various Govt CALA share and DME projects.	• Required details already submitted to Audit vide email dated 29.09.2021. Copy of email and attachments once again made available to Audit as Annexure- 4, 4A, and 4I in response to reply to HM no. 59 on 08.12.2021. (Requisition no. 2 sl. no. 11).
	• Files relating to amount recoverable for DME projects.	• No specific file exists on this matter. Required details already submitted to Audit vide email dated 29.09.2021. Copy of email and attachments once again made available to Audit as Annexure- 4, 4A, and 4J in response to reply to HM no. 59 on 08.12.2021. (Requisition no. 2 sl. no. 12).

S.NO.	Audit Report	Management Reply
	• Files relating to loan to contractors/ consultant/others.	• No specific file exists on this matter. Required details already submitted to Audit vide email dated 29.09.2021. Copy of email and attachments once again made available to Audit as Annexure- 4 and 4A in response to reply to HM no. 59 on 08.12.2021. (Requisition no. 2 sl. no. 13).
	• Files relating to provision for leave salary.	• No specific file exists on this matter. Required details already submitted to Audit vide email dated 29.09.2021. Copy of email and attachments once again made available to Audit as Annexure- 4, 4A and 4L in response to reply to HM no. 59 on 08.12.2021. (Requisition no. 2 sl. no. 15).
2	**Audit Requisition No.04 (Date of issue 28.09.2021)** • Response to questionnaire to evaluate Corporate Governance in NHAI. Partial response and that too was not submitted in the prescribed format	• No specific file exists on this matter. Required details already submitted to Audit vide email dated 22.10.2021 and 29.11.2021 Copy of email and attachments once again made available to Audit as Annexure- 5, 5A (i), 5A (ii), 5A ((iii) and Annexure-5B in response to reply to HM no. 59 on 08.12.2021. (Requisition no. 4, part-I and part - II).
3	**Audit Requisition No.06 (Date of issue 12.10.2021)**	
	• Files relating to receipt of Capital Grant of Rs 100 crore from JICA along with the Utilization Certificates of the same.	• Relevant documents have already been submitted directly to Audit by concerned section of Finance Division. It was once again submitted to Audit as Annexure-7 in response to reply to HM no. 59 on 08.12.2021. (Requisition no. 6 sl. no. 2).
	• Statement showing the details of exchange loss on account of ADB loan along with the relevant files.	• Required details already submitted to Audit vide email dated 23.10.2021. Copy of email and attachments once again made available to Audit as Annexure- 8, and 8A in response to reply to HM no. 59 on 08.12.2021. (Requisition no. 6 sl. no. 3).

S.NO.	Audit Report	Management Reply
	• Files relating to receipt of Rs 400 crore from MoRTH towards maintenance of highways.	• Required details already submitted to Audit vide email dated 10.11.2021. Copy of email and attachments once again made available to Audit as Annexure- 9 in response to reply to HM no. 59 on 08.12.2021. (Requisition no. 6 sl. no. 6).
	• Files relating to loan from ADB for execution of Surat-Manor project of NH-8.	• Required details were submitted to Audit by concerned section of Finance Division on 14.10.2021. Copy once again made available to Audit as Annexure - 10, and 10A in response to reply to HM no. 59 on 08.12.2021. (Requisition no. 6 sl. no. 8).
	• Files relating to deposit of Rs 10145.48 crore (toll revenue Rs 7390.55 crore, shared revenue Rs 1864.78 crore, negative grant Rs 900.15 crore) and Rs 5011 crore towards concession fee in CFI.	• Required details were submitted to Audit by concerned section of Finance Division on 14.10.2021. Copy once again made available to Audit as Annexure - 10, and 10A in response to reply to HM no. 59 on 08.12.2021. (Requisition no. 6 sl. no. 8).
	• Files relating to investment in Subsidiary and Associate Companies by NHAI.	• No specific file exists on this matter. Required details/documents have already been submitted directly to Audit by concerned Division. (Requisition no. 6 sl. no. 9).
	• Files relating to claiming of agency charges.	• No specific file exists on this matter. Audit was informed that required information is available at para 22 of Notes to Accounts (Schedule-19) of Annual Financial Statements 2020-21. The issue was also explained to Audit. (Requisition no. 6 sl. no. 11).
	• Statement showing the details of land as on 31 March 2021, as per the format given in the annexure.	• The details available with Land Acquisition Division were provided to Audit vide email dated 12.11.2021. Copy of the same was again provided as Annexure – 11 in response to reply to HM no. 59 on 08.12.2021. (Requisition no. 6 sl. no. 15).
4	**Audit Requisition No.07 (Date of issue 12.10.2021)**	

S.NO.	Audit Report	Management Reply
	• Statement showing the details of funds infusions made by NHAI for the period ending 31st March 2021, indicating the date of approval and release of payment to the respective contractors/concessionaire indicating the name of project and PIU. A copy of the policy of fund infusion may be furnished.	• Request was sent to concerned division, however, the detail could not be provided to Audit. (Requisition no. 7 sl. no. 1).
	• Statement showing the details of the projects developed by NHAI and subsequently handed over to concessionaire for four/six laning on BOT basis.	• Request was sent to concerned division, however, the detail could not be provided to Audit. (Requisition no. 7 sl. no. 5).
	• Statement showing the claims received from various concessionaire against NHAI up to 31stMarch 2021 for violation of State Support Agreements by different State Governments.	• Request was sent to concerned division, however, the detail could not be provided to Audit. (Requisition no. 7 sl. no. 7).
	• Statement showing the details of various application programmes/ software either developed internally or procured externally by NHAI along with the cost incurred for development/procurement.	• Required details was submitted to Audit vide email dated 11.11.2021. Copy of the same were once again provided as Annexure- 12, and 12A in response to reply to HM no. 59 on 08.12.2021. (Requisition no. 7 sl. no. 8). **In some of the cases where no specific file exists, instead of file required details/ statements were submitted to Audit.** **Thus, except for five cases, as mentioned above, the documents/information/ records requisitioned by Audit were submitted. In some cases it was submitted twice, first time against the requisition and second time in response to the reply to HM no. 59 (Part-I to Part-IV) on 08.12.2021.** **Copy of e-mails mentioned in above reply are available with NHAI and can be made available to Audit on demand.**

Delhi Meerut Expressway-2





National Highways Authority of India
Ministry of Road Transport & Highways
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Critique